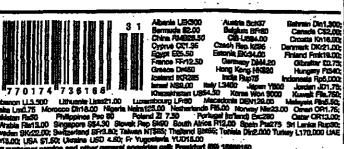
Wer at 2 579 30



Appointed a trade minister on May 5, the former British Petroleum chalman seemed a formidable political prize for Tony Blair. Today, as he tries to fend off opposition attacks over his BP shareholding worth more than £2m, Lord. Simon tooks suspiciously like a wasting asset. Page 7









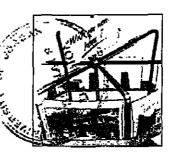
Winter sold out What kind of woman thinks of buying a thick

knitted sweater when it is baking hot outside?



AUGUST 2 / AUGUST 3 1997

Weekend



Wish I lived here

'Few people can resist playing the lifestyle swap game while on holiday'



History of gloom

Those who enjoy reading about severed hands will find much to titillate their taste-buds

Page XIV -

US jobs and output figures hit markets

and Philip Coggen in London

Marketing v Mafia

A mass-communications

battle against the Mafia -

a war of images-

has begun'

Page i

http://www.FT.com

A string of stronger than expected US economic data revived inflationary fears and sent financial markets lower yesterday, as investors worried that the Federal Reserve might have to raise interest rates this year.

created in July, sending the unemployment rate down to 4.8 per cent - a 28-year low. Together with a buoyant pur-

jump in factory orders, the data prompted Wall Street to recontion and interest rates.

pressures from Mr Alan Green- report from the National Associa-

span, the chairman of the Federal Reserve, in his recent Humphrey-Hawkins testimony to Congress had sent bond yields lower and helped the Dow Jones Industrial Average to new highs.

Yesterday, the Dow dropped more than 100 points in early trading and by 1pm New York time was still 96.86 off at 8,125.75. The Labour Department US Treasury bonds were down announced that 316,000 lobs were 11/4 in lunchtime trading.

The job creation figures were about 100,000 higher than analysts had expected. Most of the growth was in services, particuchasing managers' report and a larly health, engineering, management and computers.

Factory employment was flat sider its sanguine view on infla- in July following seven months of moderate growth, according to Reassuring words on price the labour department. But a

US unemployment reaches 23-yr low

ការព្រះពេលការព្រះក្រោ .. 1973 . 77 79 81 63 85 87 89 91 93 95 97 tion of Purchasing Managem (NAPM) yesterday said executives were reporting increased manufacturing activity in July.

According to the NAPM, strong orders and production in July pointed to higher manufacturing orders and industrial production growth in coming months.

In a separate report, the Commerce Department said strong demand for commercial aircraft and cars was the main factor behind a rebound in orders to factories in June. Orders rose 1.2 per cent to a seasonally adjusted \$328bn, following a revised 0.5 per cent decline in May orders.

Analysts said some technical factors might have distorted the jobs report. Merrill Lynch said 59,000 of the jobs reported in education were the result of seasonal adjustment problems to the survey and would disappear over the next few months.

The jobs market still showed no sign of inflating wages. So far this year the average monthly rise in hourly rates (2.9 cents) is lower than in 1996 (3.8 cents).

Congress has departed for its August break on a high note with the tax and balanced budget plan passed by both houses and awaiting a presidential signature. inflation almost a distant memory, and unemployment verging on a 24-year low.

FBI investigates suspected US-Palestinian terror link

Clinton calms fears over US bomb plot By Avi Machlis in Jerusak and Bruce Clark in Washington region once the period of mourn-President Bill Clinton yesterday by the two suicide bombers. moved to assuage fears of a coordinated plot to launch bomb attacks in the US and Israel, following Wednesday's suicide bombing in Jerusalem and the discovery on Thursday of five bombs in a New York flat.

conclusions before we have ironclad evidence to support them," Nonetheless, US investigators said they suspected a link between the radical Palestinian group Hamas and a plot to set off

"It's important not to reach

bombs on the New York subway. They believed suspects arrested on Thursday had made telephone calls to Hamas from a grocery store and a launderette in the Brooklyn neighbourhood. The Federal Bureau of Investi-

gation had said on Thursday night that two of the arrested men were "planning to target US and Jewish interests worldwide". Mr Clinton, in an acknowledge-

ment of the bitter blow to peace prospects dealt by the Jerusalem bomb, said he had not decided whether to send Mrs Madeleine Albright, the secretary of state, on a peace mission to the Middle Israeli soldiers hold a blindfolded Palestinian, seized on the West

Mr Dennis Ross, the Middle sure on the Palestinians."

ing is over for the 13 people killed "I have said all along that I will

send the secretary of state at the appropriate time, but I want Mr Ross to go there . . . to get the reaction of the leaders and then we will make a decision [on an Albright mission]," Mr Clinton

In Israel, troops rounded up another 51 Palestinians in the West Bank suspected of involvement in radical Islamist groups, bringing the total arrested since

the bombing to 79.

The Israeli government yesterday appealed to all donor countries to suspend the transfer of funds to the Palestinian Authority, the self-rule government in Palestinian controlled areas of the West Bank and Gaza, until it takes further steps to crack down on terror groups.

Mr Benjamin Netanyahu. Israel's prime minister, said the appeal referred to funds channelled to the authority. Israel was not calling for a halt to contributions to non-governmental organisations.

One European diplomat said the request "would not be taken seriously", adding: "I can't see the EU putting that kind of pres-

French get connected to the mobile phone revolution

By David Owen in Paris

It has taken longer than works. elsewhere, but the French are finally learning to love the scribers - nearly 10,000 per day mobile phone.

Figures released this week by than 3.56m.
he Autorité de Régulation des The numbers will come as the Autorité de Régulation des

A total of 287,800 net new sub-- took the overall figure to more

scribers to mobile telephone net- common sight on the narrow pavements and chic café ter- ising.

> This is in spite of France's showed faster year-on-year sluggish economic growth and high unemployment.

News Business

eign electricity operator. Page 23

At last the explosive growth Télécommunications, France's little surprise to inhabitants of expected for some time in what surge in demand as a sign that European markets come to a telecoms watchdog, show that the more affluent parts of cen- has traditionally been among the the French market has finally point where critical mass June brought the largest tral Paris, where mobile phone most underdeveloped of large reached critical mass in the develops and a mobile phone Telecom, the state-owned former com in third.

growth in Europe in the first six onths of the year. Analysts are interpreting the

PacifiCorp bid hits hitch

A US company's bid for Energy Group of the UK is to be probed by Britain's competition watchdog. In a move that surprised the City of

London and overrode official advice, trade and industry secretary

Monopolies and Mergers Commission. The minister said she con-

cerned about the UK authorities' ability to regulate Energy Group after the takeover. Her decision means PacifiCorp's bid lapses auto-

matically, and effectively stalls bid activity among UK utilities until

the commission reports. Energy Group owns an electricity distribu-

Endesa wins Chilean trophy: Spain's main power group, set for

owned electricity company in Latin America. The agreement also cre-

flotation on the stock market after summer, clinched a strategic

\$1.5hn deal giving it control of Chile's Enersis, the biggest private-

ates a joint venture that turns Endesa into the region's largest for-

Hail to the high-tech tollet: Japan's twin passions for hygiene and electronic gadgetry reach perfect synthesis in the high-tech toi-

heated seat and an ozone deodoriser. The market leader is Toto, the

let. Best-selling models have a built-in bidet with a hot-air dryer,

Alphatec finance chief quits: The chief financial officer of

Thailand's embattled Alphatec group resigned, saying it would be

"impossible to save" the concern. Leslie Merszel claimed boardroom

factions at subsidiary Alphatec Electronics had prevented him put-

ting together a viable rescue plan. The resignation comes as bond-

Alphatec should be put into default for its failure to repay a \$45m

holders prepare for a meeting on Wednesday to decide whether

NatWest promotes insider to top job: Britain's National

Westminster Bank disappointed investors by making an insider chief

executive of NatWest Markets, its investment banking arm, which is

world's biggest plumbing manufacturer, Page 23

tion company and UK generating capacity. Page 24 and Lex

Margaret Beckett referred the £3.65bn (\$5.94bn) PacifiCorp bid to the

monthly increase in French sub-users are an increasingly European mobile telephone wake of a blizzard of advertising becomes the cult thing to monopoly operator which markets appears to be material- and a number of price cuts and have. product innovations, such as pre-Only Belgium and Spain paid cards.

Bank on suspicion of being linked to terrorist activity

Similar – or even faster – rates of growth are also under way in Belgium, Spain and Italy.

One analyst said: "All the

He explained: "Across Europe year. you see that when penetration reaches a particular level, which

can vary from country to country, it then becomes a mass mar-

The surging growth is proving

may be partly privatised this

France Telecom's Itinéris service is comfortably the market leader with 1.93m subscribers at the end of June, ahead of Genérale des Eaux's SFR service in second place and the comparatively particularly beneficial to France recently arrived Bouygues Télé-

News General

Iran set for swearing-in

Reformist Mohammad Khatami is due to be sworp in as fran's president tomorrow after his surprise landslide election victory over conservative opponents. But opposition sniping continues even as Mr Khatami prepares to take office, and although most franian people may support him, it is his opponents who control many of levers of power set up by Ayatollah Khomeini after the 1979 revolution. Page 2

US welcomes Azeri leader: Azerbaijan's President Heydar Aliyev has been in Washington signing oil deals said to be worth \$10bn . His visit confirms Azerbaijan's status as one of the most eagerly courted - and roughly treated - partners of the US. The deals with Exxon, Chevron and Mobil are reported to include a production sharing arrangement for up to 250m tonnes of Caspian crude - which may explain why President Aliyev receives a warmer welcome than the US extends to other ex-members of the Soviet Politburo. Page 3

Turning up the volume: The British book stores planning to launch internet sites this autumn hope to emulate the success of online bookseller amazon.com. There are good reasons why book sales are flourishing on the net, even though it has generally failed to live up to early expectations as a retailing medium. Page 7

Kanyan turmoil deepens: Kenya's markets took fright at the International Monetary Fund's decision to suspend the country's loan programme. Foreign investors dumped equities and treasury bonds as the currency nosedived. The shifting, at 59 to the dollar on Thursday, touched a four-year low of 65 before rallying to 61. Nairobi's 20share index fell 13.68 points to 3453.18, while foreign investors sold 250m shillings (\$4.1m) of central bank freesury bonds. Page 3

Man in the News



to be scaled back with the removal of its most profitable division. NatWest shares closed 7p down in London at 859p after it emerged that 44-year-old American Chip Kruger, co-head of its bond division, would become chief executive despite the earlier decision to consider outsiders. NatWest has been under intense pressure since a £77m (\$125.5m) loss due to options mispricing was discovered in March. Its interim results are due out next week. Page 22 Contents

Managed funds . Ofex trading data. FTSE Actuaries Share information .. 18,19 Wall Street2021

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"Source: Micropal, Other to offer gross income reinvested, in USS, 1.187 – 17.87 Since taunch performance: China Fund (15.1.96):144.7%, Meditas Indian Equity Fund (15.11.96):13.2%, Pest performance is not necessarily a guide to the future. Fluctuations in the value of the underlying securities and the income from them and changes in interest and exchange rates mean that the value of these investments and the income from them can fell as well as these and are not guaranteed. Investors' attention in determine the first that are september that in China and infolia are significantly larger than in more developed markets, whilst accounting, regulations and logic standards are significantly lower. Marisham Investment 2.000/LESS_0000_FST your protection beginning the may be recorded, leaved by Guinness Fight Hembro Asset Management Limited, regulated by BARIQ and the Personal Investment Austranty.

Israelis 'would give concessions'

A growing number of Israelis would accept concessions in east Jerusalem and on the occupied Golan Heights in return for full peace with the Palestinians or Syria, said an opinion poll published yesterday. The Gallup poll of 504 Jewish Israelis published in the daily Ma'ariv newspaper was taken on Tuesday, one day before suicide bombers killed 13 in Jerusalem.

Israelis were asked what concessions they would make in east Jerusalem "assuming the Jerusalem issue must be resolved in order to reach a real peace" with the Palestinians. Some 73 per cent would agree to concessions in the city: 30 per cent said they would be willing to transfer parts of east Jerusalem to Palestinian sovereignty. An additional 22 per cent said they would agree to a Palestinian capital in Arab neighbourhoods on Ari Machlis, Jerusalem the city's outskirts.

■ GERMAN ECONOMY

Coalition firm on tax reforms

Germany's governing coalition yesterday reiterated its determination to secure sweeping tax reforms, despite the collapse this week of talks with the opposition Social Democratic party. Mr Wolfgang Schäuble, parliamentary leader of Chancellor Helmut Kohl's Christian Democratic/ Christian Social Union alliance, said: "The tax reform will come. If not now, then in 2000 at the latest."

The Bonn government had planned tax cuts worth up to DM30bn (\$16bn) from 1999. Mr Peter Hausmann. government spokesman, said fresh negotiations with the SPD set for September had a "good chance" because the opposition party was aware of the impact this week's setback would have on industry.

SPANISH GDP

Growth of 3.4% forecast

Spain's centre-right government yesterday revised this year's gross domestic product growth upwards from 3 per cent to 3.2 per cent and forecast growth of 3.4 per cent in 1998, up on the original estimate of 3.3 per cent. The projections put the domestic economy well on track for next year's planned start up of the European Union's single currency and suggest that it is ahead of convergence targets for fiscal discipline through to 2000.

Mr Rodrigo Rato. economy minister, said buoyant prospects allowed further inroads on the consolidated oudget deficit, due to come down from 4.4 per cent of GDP in 1996 to 3 per cent this year.

■ THA! CURRENCY

Rating may be downgraded

Credit rating agency Standard & Poor's may downgrade its rating of the Thai currency, citing the growing problem of loan-losses in the financial sector which may impose a financial burden on the government.

S&P currently rates Thailand's currency, the baht, at a rating of single-A, though yesterday it placed the unit on creditwatch with negative implications, meaning a downgrade is possible. S&P said that the possibility of a downgrade for Thailand would be resolved over the next month, and would be based on a number of factors, including the government's financial sector restructuring package and proposed economic stabilisation and reform programme with the IMF, due to be announced next Ted Bardacke, Bangkok

ALBANIA CONFERENCE

PM pledges reform

Albanian prime minister Fatos Nano has reaffirmed his government's commitment to reform following an international donors conference in Rome attended by 35 countries and international organisations.

The final communique from the conference emphasised the importance of the restoration of law and order after months of anarchy and stressed the importance of sound democratic governance. Mr Nano, whose Socialist party triumphed in June's elections, pledged his government would overhaul the army, police and the financial

The opposition Democratic party has pledged to continue the boycott of parliament in protest at the government's policies.

Khatami set to take reins in Iran

But opposition sniping continues to trouble president-elect, writes Robin Allen

Tails on the road and unceremoniously put him on the shadows are ancient companions to anyone running the marathon for Iran's highest political office.

The progress of Mr Mohammad Khatami, the vative opponents in national elections in May, has been in every way consistent with this tradition. Opposition sniping continues even as Mr Khatami enters the stadium for his final lap of hon-

will be sworn in by Iran's its approval. spiritual leader, Ayatollah Ali Khamenei. On Monday the new president will take the oath of office before the 270-member majlis (parliament), to which, within two weeks, he must submit his proposed cabinet list for approval; and where his arch-rivals, the conservatives, form the largest single grouping.

This week they and others among Mr Khatami's opponents gave him a taste of what they could do.

On Tuesday Mr Khatami's old friend and associate from the early days of the revolu-tion, Mr Hosseini Shahneghi, was publicly humiliated when he arrived at Tehran's Mehrebad airport on a flight from Paris, where he lives, armed with a personal invitation from the future president to attend the ceremo-

Airport police detained the hapless Mr Shahneghi, and under the watchful eyes of members of at least five other security agencies his way.

By Ralph Atkins in Bonn

Eastern Germany was last

night braced for further

dramatic flooding as more

than 10,000 soldiers, working

up to 12-hour shifts, fought

an increasingly frantic battle

to prevent further breaches

in the defences of the River

Flooding south of Frank-

furt an der Oder on the

border with Poland has

already submerged villages

More than 7m sandbags

and farms across 50 sq km.

have been used to strengthen dykes. In the

Oderbruch area north of

Frankfurt a new line of

defences, 2.5 km long and

5 metres high, was being

built near the village of Rei-

twein to limit possible dam-

Increasing numbers of

long cracks emerged yester-

day in dykes in Oderbruch -

a low-lying area reclaimed in

than two weeks and has seen

the largest military deploy-

The crisis has lasted more

the 18th century.

knife thrusts from the first flight back to Paris. The same day police invaded Tehran's municipality, the stronghold of Mr Gholamhossein Karbaschi, the dour and controversial mayor who is one of Mr Kha-

tami's close supporters. reformist president-elect They arrested four senior who won a surprise land- officials on corruption slide victory over his conser- charges, including Mr Karbaschi's de facto number two, responsible for finance and administration.

On Wednesday prominent conservative MPs warned Mr Khatami not to be so secretive about his cabinet nominees, and to consult the maj-Tomorrow Mr Khatami lis in advance if he wanted

Since his electoral victory on May 23 Mr Khatami has gone some way to stroke the egos of actual or potential He made an early concilia-

tory visit to senior Shia purists at the holy city of Qom, south of Tehran, and he has kept in close touch with Ayatollah Khamenei, who has a strong say over Iran's foreign policy, controls the bonyad, the powerful and autonomous state foundations, and is titular head of Iran's Revolutionary Guards

Public interest in Mr Khatami's cabinet has centred on four key ministries; foreign affairs, interior, information (the de facto intelligence ministry), and Islamic guidance (information in any other country) and cul-

According to some observers, Mr Khatami will run ati is expected to be put in this last ministry himself and appoint "supervisors" to the others if he does not get



Khatami: won big poll victory over conservative opponents

Favourite to be the next foreign minister is Iran's ambassador to the UN, Mr Kamal Kharazi. An alternative could be Mr Mohammad Hashemi, a US graduate and previous director-general of the foreign ministry who is also the brother of the outgoing president.

The incumbent foreign minister, Mr Ali Akbar Velayati, who publicly supported Mr Khatami's opponent last May, "is out to an extended lunch and not expected back in the office". according to one seasoned wit in Tehran. A paediatrician by profession. Mr Velaycharge of a hospital; not just any hospital, but one located in Tehran's wealthy north-

Among those tipped for the post of interior minister are Mr Abdullah Nouri, head of the reformist faction in parliament, Mr Mohammad Khoeniha, a leftwing cleric best known for having led the 1979 "students" occupation of the US embassy, and Mr Majid Ansari, a moderate cleric MP.

Some observers suggest

Mr Nouri or Mr Khoeniha

may be put in charge of the intelligence ministry, now run by Mr Ali Fallahian. best known in the west for being on the receiving end of a German indictment in connection with the bombing of the Mykonos cafe in Berlin.

"But the cabinet," explained one Tehran commentator, "can only implement laws and guidelines. It will not be a policy-making

Mr Khatami may enjoy the support of most of the Iranian people, but his opponents control much of the system, the bureaucracy and levers of power set up by Ayatoliah Khomeini after the 1979 revolution which operate parallel to, and often independent of, the conventional government.

These power centres include a recently enlarged Expediency Council, to be headed by the outgoing president. Mr Hashemi Rafsanjani, which can make and unmake laws on the basis of what is "expedient" in the national interest; the National Security Council. which initiates and vets foreign policy; the majits. which has already set the guidelines for domestic economic "restructuring"; the Council of Guardians, which has the power to reject laws passed by the majtis; and the Council of Experts, consisting mainly of clerics, which in theory is the country's highest supervisory author-

Observers agree that at the very least Mr Khatami has to win over the majlis. Left isolated from all these power centres, Mr Khatami and his cabinet would be "matchwood", the more so because he already faces the danger of disappointing the exaggerated and conflicting expectations of the 20m people who voted for him.

On the other hand, other centres of power cannot ignore the scale of public support for Mr Khatami. How successful he is will depend on how shrewdly he exercises his authority.

French right hits at plans to relax

By Andrew Jack in Pans

France's rightwing political parties yesterday attacked proposed relaxations to immigration controls contained in a report commissioned by the country's new Socialist administration.

Mr Jean-Louis Debré, the Gaullist former interior minister whose own legislation at the start of this year triggered huge protests, called the recommendations which sought a broader definition of asylum seekers 'utopian and dangerous".

The report, prepared by Mr Patrick Weil, a sociologist, said the definition of refugees should be broad-ened to include individuals persecuted by organisations other than the state. Which would allow Algerians to seek shelter in France from the threat of fundamentalist Islamic groups.

However, Mr Debré welcomed the calls for a clampdown on illegal immigration and the fact that the report stopped short of suggesting a wholesale repeal of controversial laws introduced by him in 1997 and Mr Charles Pasqua, his centre-right predecessor, in 1993.

Mr Jean-Marie Le Pen, leader of the extreme rightwing National Front, said the report was the antithesis of his party's views, and demanded the end of practices including what he called "the follies of family regroupment" in France for immigrants.

Mr Lionel Jospin, the prime minister who requested the report just after his election in June, said the government would propose two immigration laws to be voted on by the end of this year; one on entry and working conditions, the other on acquisition of French nationality.

In the campaign the Socialists pledged to scrap the Debré and Pasqua laws. One of their first decisions was to launch a case-by-case study of immigrants without official papers, in a move swiftly criticised by President Jacques Chirac.
Mr Weil yesterday critic-

Mr Calin Popescu Tari- ised existing French law which automatically "considers foreigners as potenthe second time postponed tial fraudsters", and three 'illnesses" of the administration: the "restrictionism" of the right, the "blind egalitarianism" of the left, and the "bureaucratic excess" of

-21

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all political tendencies. He called for enforced measures against illegal immigration, suggesting new recruits be required to show their passports when they are bired, and memployment benefit rules modified to remove penalties for those who take temporary

the automatic right to citi-

zenship at age 18. and sim-

plified paperwork to ease

residency regulations and

reduce immigrants' fears of

travelling between France

and their country of origin.

The number of foreigners

coming to France has been

falling steadily over the last

few years, down from

100,000 in 1990 to 50,000 in

1995. There are an estimated

700.000 residents born in

France but without citizen-

ship, 2.9m born elsewhere,

and 1.3m born elsewhere

but since naturalised. This

total represents 7.4 per cent

jobs which would otherwise be liable to be filled by clandestine workers. He demanded that children born in France by foreign parents should have

spending consequent on the

Western analysts in Bucharest think the tranche will of the population. almost certainly be granted, because of the progress the new Romanian government has made in bringing in new laws and in freeing prices, but the reform process is becoming increasingly politically painful. This week trades union leaders stormed out of a meeting with Mr Ciorbea after he refused their demands.

Mr Tariceanu's resignation threat is also linked to the IMF mission. He has been opposing IMF proposals that a planned national off company should include only one of Romania's 11 oil companies, with the rest being privatised or shut down. He wants at least two to be pre-served, saying that otherwise Romania's pipeline infrastructure would be underused and might break

The IMF fears the stateowned refineries, which are responsible for a large share of Romania's company debt. will go on drawing state subsidies and make balancing.

Germany braces for more floods Romanian minister threatens to quit

By Anatol Lieven

Romania's trade and industry minister threatened

indebted industries. "Reform at the level of enterprises has not started yet, and that is the core of reform, where people are affected by lay-offs," the president sald. However, he expressed confidence in the

Victor Ciorbea. vice-president, is in Romania to gather information for a decision on the next \$86m tranche of a \$430m loan package approved in April. Mr Thomsen has prolonged his stay by a week, apparently because of the difficulty the Romanian government is having in agreeing

IMF representatives are also reported to be unhappy with increased defence Romanian drive to enter

down,

to resign yesterday over what he said were attempts to delay the privatisation and restructuring of the oil

ceanu's move came as the Romanian government for the announcement of budget cuts and a new list of bankrupt state companies sched uled for liquidation.

On Thursday President Emil Constantinescu threatened to carry out a government reshuffle if certain unnamed ministers continued to oppose the closure of

reformist prime minister, Mr

Mr Poul Thomsen, IMF on cuts demanded by the IMF and World Bank.

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Yeltsin seeks Moscow talks on Abkhazia

visited the region yesterday, able later for rebuilding

By John Thombill in Moscow

Mr Boris Yeltsin. Russia's ation deteriorated. Mr Yeltpresident, intends to invite the leaders of Georgia and the secessionist region of Abkhazia for talks in Moscow, as the deadline peaceful settlement, expired this week for withdrawal of 1,500 Russian peacekeeping troops stationed in Abkhazia.

German border police ferry a rescued householder and items of furniture from his home in

Aurith yesterday. The village had to be evacuated after a dyke burst on the River Oder last

Ms Monika Wulf-Mathies,

European Union regional

affairs commissioner, who

promised DM3m (\$1.63m)

The diplomatic initiative is an attempt to ensure that a simmering conflict in the Caucasus does not flare up into renewed hostilities. The Russian troops, which show no sign of imminent withdrawal, were first deployed in the region in 1994 after a ferocious secessionist struggle, in which 10,000 people were killed and 150,000

the Georgian president and former Soviet foreign minister, has refused to renew the mandate for the Russian peacekeeping mission, which operates under the auspices of the Commonwealth of Independent States. Georgian nationalists still resent Abkhazia during the war and doubt whether Moscow can act as an honest broker.

The Georgian national security council said yesterday it would prefer a UNforce to move into the region but would not force out Rus-

of immediate help. Ms Wulf-

Mathies added that a further

DM84m could be made avail-

and military" preparations

to restore its territorial

integrity by force if the situ-

sin said Russia was prepared

to withdraw its peacekeep-

ing troops as soon as prog-

ress was made towards a

"We do not intend to keep

peace-keepers in Abkhazia

for a long time. We want

that everything there will be

solved in a quiet and peace-

ful way, that Georgia will be

a single united state but that

at the same time there will

be a large degree of indepen-

dence for Abkhazia," Mr

Yeltsin said. Russia also

retains three military bases.

with an estimated 20,000

troops, in the rest of Georgia

- although Mr Shevardnadze

has been pressing Moscow to

The Caucasus are rapidly

Russia has adopted an

close them.

forced to become refugees.

Mr Eduard Shevardnadze. acquiring great strategic significance as Azerbaijan begins to exploit the vast oil reserves under the Caspian Sea and pipelines are built to transport oil to ports on the Black Sea. increasingly conciliatory Russian support for role in attempting to resolve several outstanding disputes

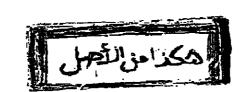
in the region. But Mr Gennady Zyuganov, Russia's Communist party leader, vesterday denounced Mr Yeltsin for allowing Russia sanctioned peacekeeping to be "squeezed out of the Caucasus". "Western states should be made aware that sian troops. It added that this is a zone of Russia's geo-Georgia was making "moral political interests," he said. | the budget impossible:

FINANCIAL TIMES Published by The Financial Times (Ensure) GmbH, Nibelingstruktz 3, 60318 Frankfinit am Main, Germany. Felephone ++10 69 156 850, Fax ++49 69 96 4481, Repursented in Frankfurt by J. Walter Brand, Wilhelm J. Brissel, Colin A. Kennard as Grandifferfiture and in London by Durid Ché, Bell, Chirman, and Alon C. Miller, Deputy Chairman. The staruboldes of the Financial Times (Europe) Carble J. Person Towards Roldings Lumited, 3 Busington Gardens, London, WIX 1LE. Sharebolder of this company, 8: Person Jet, registered at the stand address. FINANCIAL TIMES

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FRANCE:
PRANCE: PRANCE:
Publishing Director: P. Maraville, A. Rue
La Boirie, 7500; PARES, Telephone (81)
576, 824. For (81) 576, 825. Finish:
S.A. Nord Eath, 1871 Rue & Care,
F. 9100; Roubert Cefer, 1, Sality Russed
Lumbert, ISSN 1148, 725.

Lambert BSN 1148-2753 Committee No 67808D SWEDEN:
Responsible Publisher: Hugh Consey, 488-618 6083. Printer: AB Rwillstidmingen Expressen, PG Box 6007, S-580 06. Jondonny.

O' The Financial Times Limited 1997. Editor Richard Lambert, old The Financial Times. Limited, Number. One. Southwark Builder, Economy SPI 388.



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The government's Anatolian news agency reported that three guards and a prisoner were hurt in the attack. trial for their lives, accused

NEWS: INTERNATIONAL

Clinton greets Azerbaijan's leader to celebrate \$10bn Caspian development plan

Oil fuels American cheers for an ex-Communist

By Bruce Clark in Washington

Por President Heydar Aliyev, a man with a sharp, instinctive understanding of the importance of diplomatic niceties and the behind them, yesterday was a of a visit that has confirmed day of sweet vindication.

forced to quit the Soviet politbure by the reforming zeal of Mr Mikhail Gorbachev – notionally on health grounds, but really cause he belonged to a rival faction in the Communist elite a very fit-looking Mr Aliyev was duction-sharing arrangements for

leader of the independent and tonnes of Caspian crude. potentially wealthy nation of Azerbañan.

His meeting with President Bill Clinton, and the signature of a series of oil deals valued by Azeri Nearly a decade after he was, as one of the most eagerly courted, and roughly treated. partners of the US.

While details of the oil deals with Exxon, Chevron and Mobil were being kept confidential, they are reported to include pro-

This helps to explain why US political and corporate leaders are giving him a welcome whose lavishness exceeds that which his old rivals, Mr Boris Yeltsin and hard political realities that lie officials at \$10hn, was the climax Mr Eduard Shevardnadze, get when they come to Washington Azerbaijan's paradoxical status as leaders as Russia and Georgia. On the other hand, pressure by

the well-organised Armenian-American community has helped ensure that Azerbaijan is the only country - apart from a halfdozen pariahs, such as Iran and - that is barred from Libya receiving US humanitarian aid. Mr Clinton assured his guest

like to see section 907 of the Freedom Support Act - which bars aid to Azerbaijan as long as it restricts the flow of goods to this year. Armenia – removed as quickly as

But in Mr Aliyev's homeland, where the separation of powers between executive and legislature is not quite as well developed as it is in Washington, the US government's powerlessness before Congress is hard to under-

The visiting president said this week he was determined to return to his home city of Baku administration and its struggle

would be rescinded, and the pros- ented the 74-year-old leader with most important players in the pect of a settlement of the Azeri-Armenian conflict by the end of

He was speaking at a dinner in Washington's Building Museum a fabulous construction of golden arches and towering marble pillars, with a passing resemblance to an Oriental palace where the cream of Washington's political and business elite heaped praise on Mr Aliyev as a fighter for independence.

Mr Richard Armitage, who was a senior official of the Reagan

"the shackles of communism". An ever-growing number of Washington dignitaries, from Mr John Sununu, the former White House chief of staff, to Mr Brent Scowcroft, the former national security adviser, have espoused the cause of Azerbaijan and its importance to US oil companies. Over the weekend, President Aliyev will be guided around the oil wells and futuristic pleasure

that his administration would with news that the amendment against the evil empire, pres- of Exxon which is one of the a model eagle - "a symbol of extraction of the Caspian Sea's freedom and strength" - and vast energy reserves. On Monhailed his efforts to throw off day, it will be Chicago's turn to lay out the red carpet.

But students of Mr Aliyev's career as a general in the Azeri KGB, Brezhnev loyalist and artful player of geopolitics should take note; in a bewildering variety of roles, he has generally proved far too clever for those who thought they could make him an instrument of their purposes. Ask any of his Politburo colleagues who has had the last domes of Houston, the home city laugh.

Islamists renew protests

By John Barham in Ankara

islamists took to the streets yesterday in cities throughout Turkey in a series of apparently co-ordinated antigovernment demonstrations attacking planned education reforms which would stamp out Islamist influence in

About 500 protesters gathered outside Istanbul's historic Bevazit mosque after prayers chanting religious schools cannot be closed" and "the Islamic movement cannot be stopped". Police broke up the protest, chasing demonstrators and detaining at least 20. Another 400 protesters from a mosque in the city's Islamists stronghold of Fatih

clashed with police. Islamists also held demonstrations at three other mainly traditionalist cities. Some gave the salute of the IBDA-C Islamist guerrilla

government has accused the Islamist Welfare party of Mr Necmettin Erbakan, the former prime minister who was forced from office in June, of

fomenting unrest. On Tuesday thousands of protesters jammed the cenhours and tried to march on the education ministry and the Turkish military high command. Police used water campon, armoured cars and baton charges to break up the demonstration and

The education reforms of the new minority secularist coalition of Mr Mesut Yilmaz, prime minister, have become Turkey's most contentious political issue. The government's decision last week to extend compulsory education from five to eight years will curtail enrolment in religious Imam Hatip schools that have become

increasingly popular. Education reform is a central feature of a government and army strategy to reduce the growing influence of Islamists, which they fear threatens the increasingly fragile 74-year-old secular state. A prosecutor has asked the constitutional court, Turkey's highest tribunal, to close down Welfare for agitating against the secniar state and to ban Mr Erbakan from political life.

However, Mr Oguzhan MP, warned yesterday that "without Welfare there is no force to prevent the provoca-tions turning into rivers of blood. We are preventing

 A car bomb exploded yesterday 200km east of Ankara, apparently planted by Islamists in an attempt to erty prices too have slid this mood. free eight comrades being year because of oversupply. driven to court in a security

interest rates. None of the prisoners addition to the standard tors fear an imminent clampescaped. The men are on avenues of investment, Chi-down in the short term Mr and fewer and fewer cards of plotting to form an armed hands have thronged into of some phonecards fall by a got to go up. group to overthrow the secu- some arcane markets: in third in the last month, is

Turkey's |Turmoil in Kenya markets after IMF loan suspension

Investors see other donors moving against Moi regime

By Michela Wrong in Nairobi

The International Monetary Fund's decision to suspend Kenya's loan programme triggered alarm in the country's markets yesterday, with foreign investors scrambling to dump equities and treasury bonds as the currency plummeted.

Despite an appeal by Mr Micah Cheserem, governor of the central bank, for investors to behave responsibly, the news that the IMF loan had collapsed because of the government's failure to tackle corruption hit investor confidence as soon as markets opened.

The shilling, which closed on Thursday at 59 to the do)lar, touched 65 in the morning, its lowest point for four vears, but later rallied to close at 61. The Nairobi Stock Exchange saw unusually high turnover, with the 20-share index falling 13.68 points to stand at 3453.18. Worst affected was the

fixed-interest market, as foreign investors sold Ks250m (\$4.1m) worth of central Kenya: the slide continues Shilting against the dollar (Ks per \$) July 1997

whole of last week. "This has been one of my worst days," said Mr John

Munge, a Nairobi broker. "Foreign investors keep ringing up asking whether the country's whole macroeconomic reform programme could go into reverse. "They want to know how

bad the falling-out between Kenya and the IMF was and how long it is going to take to get back to the drawing board. Unless someone at bank treasury bonds, com- senior government level

Ks13.35m sold during the ment the market is going to remain very nervous." Analysts said much of the market reaction was

prompted by expectations that bilateral donors and the World Bank would also freeze assistance, putting a brake on economic growth. But western donors kept a

discreet silence yesterday, admitting only to being "very disappointed" by the Kenyan government's failure to satisfy IMF concerns. The loan suspension came

after President Daniel arap

Mudavadi, bis finance minister, who had earlier agreed to reinstate the dismissed commissioner of customs and excise.

Widely regarded as a lynchpin in the fight against corruption. Mr Samuel Chebii's dismissal last week bypassing the supposedly-independent Kenya Revenue Authority - dealt a final blow to IMF confidence in the government's commitment to crack down on graft.

Opposition leaders yesterday welcomed the IMF move, saying it would further their campaign to force Mr Moi to introduce constitutional reforms ahead of elections due later this year. "This is welcome," said Mr James Orengo, deputy head of the FORD-Kenva "Together with the political pressure we are now mounting it may bring Moi to his

Mr Mudavadi yesterday outlined the size of the problem now facing the country. He said Kenya had been counting on the IMF to provide it with \$74m in foreign exchange support in the

Nairobi stockbrokers watch market reaction to the IMF loan suspension World Bank, African Development Bank and multilateral grants linked to the IMF

duced an additional \$141m. He gave no details on how he intended to bridge the gap. Analysts speculated import duties, income tax and VAT might be raised and development expenditure slashed. But the government may also need to increase domestic debt by

programme would have pro-

issuing new treasury bonds. Both Mr Mudavadi and Mr Cheserem have said they hope the government will soon start discussing a possible shadow programme - in which the IMF provides advice but no credits - with department, saying it cute top officials implicated the Fund. But some observpared with a total of issues a clear policy state. Moi over-ruled Mr Musalia 1997/98 budget and that ers believe the acerbic gal". Officials said Mr Fares tries would like to see.

nature of the final exchanges between Mr Moi and the Fund meant a pause would be necessary to allow tempers to cool

The political fallout of the suspension was still making itself felt yesterday within the administration, as the between reformers appalled by the break with the IMF and hardliners resentful of outside interference continued to widen.

In a gesture of defiance towards the president's office, the revenue authority said it would not approve Mr Chebii's transfer to the Ministry of Finance's audit

Kuindwa, the head of the civil service who originally authorised Mr Chebii's removal, had demanded an apology from the KRA for its refusal to rubber-stamp the reappointment.

There were also signs that the government was trying to win at least some approval from the donor community with the publication of a draft of a tough anti-corruption bill.

But it was not immediately clear whether the bill put forward by Mr Amos Wako, the attorney-general, would create an authority sweeping powers to proseregarded the move as "ille- in scandals that donor coun-

Shanghai bets its yuan on rare phonecards

arrested more than 60 in his booth at the **↓** ▼ **▲** bustling Shanghai Stamp, Coin and Card Market and dispenses financial advice: "The best investment in China these days is not stocks or bonds or property. It's stamps and phonecards."

And to prove his point the former lift operator who has left his Yn500(\$60)-a-month job and now earns Yn10,000 each month trading picture phonecards and limited edition stamps, pulls out a couple of his best buys:

 A set of telephone cards issued 18 months ago depicting scenes from classical Chinese literature - face value Yn600, market price Yn6.000. • A strip of stamps with a

chimpanzee design printed in 1980 - the original price was Yn0.8 for 10, but going today for Yn25,000 for the

China, blessed by Asilturk, a senior Welfare | double-digit growth for most of the 1990s and awash with liquidity, has an army of investors looking for somewhere to put their money.

lost their lustre after

r "Lucky" Ren sits official collectibles "Stamps are the safest marexchanges - another 20 have applied for official approval - trading picture phonecannot affect that."

cards, stamps, special issue postcards and coins commemorating such events as successful satellite launches ibles markets, warned and gymnastic triumphs at recently: "Card fever has the Olympics. Even old rice swept the market in the last coupons have rediscovered a half year and the total marmarket value among speculators with a nostalgia for the ration-book era. A handful of speculators

in the volatile picture phonecard market are estimated to have made over \$1m, but that they will fall sharply." most of China's 20m phonecard collectors are retail investors who buy new cards for a few hundred Chinese yuan and hope to double their money within the year,

or simply like the pictures. For example, the surefire bet of 1997 has been "Hong Kong returns to the Motherland" phonecards - a set of five picturecards released on July 1 at a price of Yn200 and which are now worth Yn400.

But the frothing markets for telephone cards and Stocks have temporarily other collectibles have unnerved the authorities repeated crackdowns on and the prospect of governwhat Beijing perceives to be ment intervention has an overheated market. Prop- damped down the recent Last week the state coun-

and bank deposits have cil, China's cabinet, banned offered falling returns since the "illegal" buying and sellthe government removed an ing of commemorative coins, inflation subsidy and cut sending prices tumbling.

So as an alternative, or an also been hit badly, as invesnese with cash in their Ren, who has seen the price and stamps, the price has Shanghai alone there are 12 moving into stamps.

ket, because there is a worldwide demand and Beijing

dozens of Shanghai newspapers that track the collectket value of magnetic cards has more than quadrupled ... But the market does not have a solid foundation. Prices have risen too fast, so there should be no surprise

The volatility is symptom-atic of a fundamental problem in China's immature market economy: the absence of stable, reliable investment vehicles.

The securities industry in Shanghai has been pressing the Chinese leadership in Beijing to establish institutional funds to stabilise the stock markets and offer a dependable alternative to the retail investors who buy and sell shares through more than 30m stock trading accounts.

In a booth near Mr Ren a fellow trader breaks off from a discussion about stamp prices and a simultaneous game of poker to explain why the collectibles market will keep its allure for the individual investor. "Officially, there is no gambling in China and few people can understand the stock mar-Phonecard prices have kets. But these things are tangible and beautiful. And with millions of collectors

James Harding

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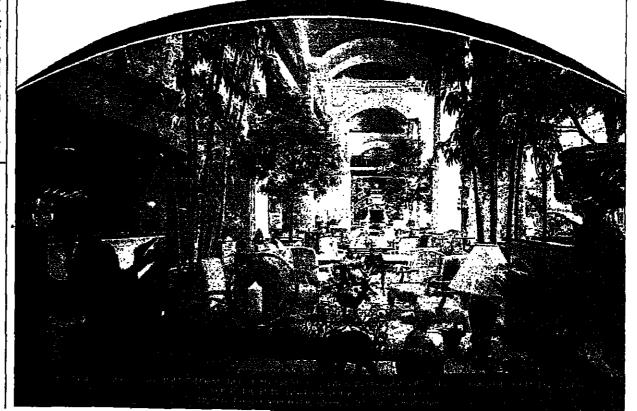
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Latest deal reflects confidence in A340-600 series, unveiled this summer

Virgin, Air Canada in \$3bn Airbus orders

Scott Morrison in Vancouver number of luxury features.

orders likely to total more A340s. than \$3bn for more than 20 The latest deals reflect of its large capacity aircraft. confidence in the A340-600

ery of 16 from 2002. They compete against the 747 car- to proposals to turn Airbus four existing Airbus aircraft. craft from Airbus.

Air Canada said it had The European Airbus signed a letter of intent to consortium yesterday buy five twin-engine A330received a powerful boost 300 and three four-engine with the announcement that A340-300 aircraft, replacing two international airlines its fleet of six ageing Boeing had placed provisional 747-100/200 aircraft and two

Mr Richard Branson's UK- series, which was unveiled based group Virgin Atlantic by Airbus this summer at said it would be the first cus- the Le Bourget air show outtomer for Airbus' A340-600 side Paris, and which pro-

By Andrew Jack in Paris and will be customised with a rier produced by its rival into an independent com-Boeing .

The sales are especially important at a time of growlas, which was recently ratified by the European competition authorities in

of Daimler-Benz, said on ment would be signed "very Thursday the US merger cre shortly" by Olympic Airated "harsh but fair" compe- ways, the national carrier. series aircraft, taking deliv- vides it with a product to tition, but added urgency for two A340s to add to its purchase 20 additional air-

would not disclose the value beds in private rooms for operator of Airbus aircraft ing pressure for Airbus to of the contracts yesterday, premium-paying passengers, restructure in the wake of but the list price for the the merger of the US giants A340-500 series begins at and an exercise and massage Boeing and McDonnell-Doug- \$144m each, and the upper area. price for the A340-600 series is \$158m.

The announcements came Mr Jürgen Schremp, head port minister said an agree-

Virgin said the new air- The

letter of intent to buy eight aircraft, with a market value nance of the North Ameria day after the Greek trans- of about CS1.4bn (US\$1bn), bringing to an end a fierce Boeing for the business. The accord included an option to

craft would be equipped with entrenches Air Canada as The companies involved features including double the leading North American but Mr Ted Larkin, an airas well as a pub, showers, line analyst with investment bank Bunting Warburg, said that he did not expect the Air Canada has signed a agreement would lead to an erosion of Boeing's domi-

can market. Boeing, with 64 per cent of bidding competition with the world commercial aircraft market, recently secured orders from Continental, American and Delta worth billions of dollars.



A People's Liberation Army soldier stands guard yesterday at the Prince of Wales Barracks in Central District, Hong Kong, unmoved by gifts of live poultry brought by citizens

Buoyant economy eases pressure on Fujimori

By Sally Bowen in Lima

A series of encouraging economic indicators is relieving Mr Alberto Fujimori, Peruvian president, of some of the pressures which have built up following recent political scandals.

Consumer price statistics released yesterday show July's inflation rate at a moderate 0.8 per cent, giving an accumulated figure of 5 per cent for the first seven months. That keeps the economy on course for the single-digit target set for the year.

year is also looking good. A member of the economic team has unofficially said that next week's statistics will show gross domestic product up 7.5 per cent in the first six months. He predicted a slightly lower end-of-year figure of 5.5-6 per

Peru's export earnings are also unusually buoyant. In his annual state of the nation address this week. Mr Fujimori announced a 20 per cent rise in export revenue during the first half, "levels of growth nomic programme for the past

goods and canned and frozen fish had earned 43 per cent more than in the same period last year, he

selective tax reductions and incentives which will benefit business and agriculture, have done much to calm local bankers and entrepre-They have been staunch support-

The good economic news, plus

ers of Mr Fujimori and his ecoare unprecedented". seven years, but their confidence his basic economic programme. with goals agreed with the IMF". to celebrate the 70th anniversary of China's PLA

past three months.

the Peruvian Manufacturers Association, said he was "satisfied" with the economic measures announced on Monday. He welcomed in particular the reduction of the "Fonavi" payroll tax and considered the wage rises for pub-

lic sector workers reasonable. Foreign investment bankers have also welcomed what they see as Mr Fujimori's re-affirmation of political, he said, but "consistent

Growth for the first half of the So-called non-traditional products was badly shaken by the scandals. The slight relaxation of the tradi-ear is also looking good. A mem. - primarily textiles, agro-industrial and constitutional abuses of the tionally austere management, according to Mr Fujimori, is possi-Mr Eduardo Farah, president of ble because of Peru's record international reserves (now about \$10bn) and the 3.7 per cent primary surplus registered in the first quarter of the year, well above the 1.3 per cent fixed with the IMF.

According to Mr Carlos Janada, senior analyst at Morgan Stanley, the relaxation in the economy was "to be expected". The timing of the announcements was obviously

HALF YEAR

SALE OF SPECIALITY CHEMICALS

then a more programment made are occupent.
rates and at current exchange rates. The overall
reporting currencies, when expressed at current

September 22, 1997 and, subject to stock exchange approval, is proposed to be effective from the commencement of trading on the relevant stock exchanges on October 13, 1997. SALE OF CHEMICALS BUSINESSES

SALE OF CHEMICALS RUSINESSES

At exchange rates applicable on the 8th july the profit as reported is based on an ungeared consideration of £4.710 million. The net consideration, following adjustments for debt, cash, working capital (compared to a predetermined target) and retained liabilities is £3.977 million. Net assets disposed of are £765 million and goodwill relating to businesses previously acquired and now written back amounts to £517 million. The profit before taxation is £2,582 million and profit after taxation is £2,064 million. All of these figures are provisional and are subject to change as final adjustments are made under the terms of the Sale and Purchase Agreement. BALANCE SHEET AND CASH FLOW

International Chemical Industries PLC paid £4,374 million in cash. The balance will be settled as final Chemical Industries PLC of £4,167 million (at 28th June exchange rates) resulting from this transaction. On the 8th July the related legal formalities were completed and Imperial Chemical Industries PLC paid £4,374 million in cash. The balance will be settled as final

cash position of approximately £2.800 million on July 8th. Net gearing, after adjusting for this transaction, is therefore zero, compared to a net gearing of 24% at the end of December 1996, and 35% at the end of June 1996.

to the profit on the sale of the speciality chemicals businesses.

Cash flow from operating activities of £1,088 million (1996; £1,239 million) is somewhat below 1996, trainly due to the impact of currency movements given the appreciation of serting. Net cash inflow from discontinued operations in the half year was £180 million (£385 million for the full year 1996 out of a total of £3,816 million).

CONDENSED BALANCE SHEET (unaudited)	f millions As at 28 June 1997	£ millions As at 51 December . 1996
Fixed assets	6.526	8,067
Stock.	3,386	3,906
Debiors	5,303	4,577
Amount due in respect of		
sale of chemicals businesses	4,167	
Trade & other creditors	(6.418)	(6,291)
	12,964	10,259
Net Debt	1.592	1,693
Provisions for liabilities and charges	2.837	3.042
Minority interests	371	545
Capital and reserves	8,164	5.181
	12,964	10,259

Capital and reserve	c,104	2,101
	12,964	10,259
CASH FLOW STATEMENT (unqudited)		Half Year
	1997	1996
Cash flow from operating activities	1,088	1,239
Returns on investments and servicing of finance	(141)	(149)
Taxation	(290)	(307)
Capital expenditure and financial investment	(407)	(492)
Acquisitions and disposals	25	(884)
Dividends paid on ordinary share capital	(394)	(474)
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMEN	T	
OF LIQUID RESOURCES AND FINANCING	(119)	(1,067)
Management of liquid resources	(746)	(395)
Financing	630	1,550
INCREASE/(DECREASE) IN CASH IN THE PERIOD	(235)	88

In the first half of 1997 the effect on turnover and operating profit of acquisitions made in the period was £55 million and £4 million respectively. The speciality chemicals businesses were discominued in the first half of 1997. There were no discontinued

The condensed balance sheet as at \$1 December 1996 has been extracted from the full Group Accounts, on which the auditors gave an unqualified opinion, and which have been

The cash flow statement is presented in accordance with the revised United Kingdom Accounting Standards FRS 1, issued in October 1996. Figures for the prior year have been

constant average rates of exchange, being the annual average rates for 1996. For our reporting currencies these were £1 = FL 2.62 = US \$1.56. In addition the net profit. earnings per share and cash flow statement have been translated at rates current in each period. In arriving at these current rate figures, operating profit of continuing operations and discontinued operations, income from fixed investments, net interest and taxation, were translated at the average rates current in each period. For our reporting currencies

 Second Quarter
 Flaif Year

 £1 = F1, 3.13 = US \$1.63
 £1 = F1, 3.09 = US \$1.63

 £1 = F1, 2.59 = US \$1.53
 £1 = F1, 2.56 = US \$1.53

be published on Friday 7 November 1997.

For copies of Unilever results statements telephone Freephone 0800 181 891 or write to: Unilever Corporate Relations, P.O. Box 68, Unilever House, London ECAP 4BQ, or P.O. Box 760, 3000 DK Rotterdam. For information about Unilever, access Internet

Unilever

Puerto Ricans ponder three political paths

uerto Ricans are monwealth arrangement. Mr Anībal Acevedo Vila, party president, has proposed that the relationship with the US tions. The centenary of the remains unchanged, except US conquest of the Caribthat Washington should give bean island from Spain in Puerto Ricans a guarantee of the Spanish-American war is likely to coincide with a referendum asking whether their internal self-governthey want to retain their current "commonwealth" status, become a state of the union, or receive full political independence.

For some, like Ms Lolita Lebron, president of the later this year - is taking Puerto Rican Nationalist place amid a fundamental party, there are no compro- change in economic policy. mises on the question of the As part of the effort to cut country's political future. the federal deficit, Washing-"After the abolition of slay- ton is phasing out over the ery, there were many slaves next 10 years the benefits who were afraid of freedom the island receives under and refused to leave their Section 936 of the revenue masters because they didn't code. This allows income tax know what freedom was " and wage credits to subsidshe said. "You have to give iaries of US companies oper-Puerto Rico its self-determi- ating in Puerto Rico. Interest nation."

Ms Lebron's advocacy of free. independence for the island of 3.7m people traditionally has had little support, garnering 4 per cent of the votes in the previous referendum on political status in 1993. The majority of Puerto Ricans are torn between keeping their colonial status, which they have had since 1952, or becoming part of the

Puerto Ricans vote in presidential primary elections. but not in general elections. They have one non-voting representative in Washington, and do not pay federal taxes.

The island gets billion of dollars each year in food stamps and other federal aid from Washington, and although Puerto Ricans fight in the US army the island sends its own teams to Olympic Games.

The incumbent New Progressive party wants the island to become a state. "The people of Puerto Rico have been misled for too long," said Mr Carlos Romcommissioner to Washington and an advocate of state-

"It's time for the dysfunctional political process in Puerto Rico to end. I do not think it is fair for commonwealth supporters to seek equal funding in federal benefits while at the same time refusing to fulfil their obligation as citizens, which is to pay federal taxes."

Democratic party advocates an enhancement of the com-

US citizenship, equal federal funding, and "respect" for

ment. The latest round in the debate over the island's political future - the US Congress is expected to approve the referendum earned on income is also tax

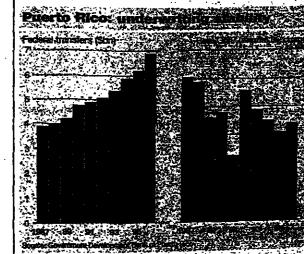
hese funds of several billion dollars have underwritten the island's financial stability. The tax incentives have attracted hundreds of companies, particularly those involved in pharmaceuticals and electronics, with manufacturing now accounting for about 40 per cent of gross domestic product. The island's administra-

tion, however, says the 10year phase out of Section 936 benefits will not dislocate the economy, which has shown an annual average GNP growth of 3 per cent in recent years. Mr Pedro Rossello, governor, said the manufacturing sector must compete with or without federal tax incentives and that Puerto Rico must become a profitable location for busi-

Mr Rossello's administration is implementing a "new economic model" based on increased deregulation, improved infrastructure and ero Barcelo, Puerto Rico's lower taxes to encourage continued economic growth. The government has also started to diversify the economy, easing the heavy dependence on manufacturing and encouraging tourism, agriculture and small

Advocates of the three options agree, however, that the island's political status must be determined before its economic future can be The opposition Popular properly planned.

- Capute James



The principal strategic event of the balf year was the sale of the international speciality themicals businesses to Imperial Chemical Industries PLC for \$8 billion, which was completed on the 8th of July 1997. The provisional profit on the disposal of £3,022 million before tax translated at constant 1996 exchange rates, and of £2,582 million at exchange rates on the 8th of July 1997, is included in reported profits. FINANCIAL RESULTS

FINANCIAL RESULTS
At constant rates of exchange, sales increased by 3% to £16,818 million over the corresponding period of last year. Operating profit rose by 20% to £1,472 million. Before exceptional items, operating profit improved by 16%. Excluding the profit on the disposal of the international speciality chemicals businesses, net profit rose by 25% to £843 million. At exchange rates current for each period and excluding the profit on the disposal of the international speciality chemicals businesses, net profit increased by 12% in sterling. 36% in guiddens and 20% in dollars. Earnings rose to 41.00 pence per share.

To explain the trends in the business performance, the following commentary on the regions deals with the continuing businesses, and is based on operating profit before exceptional items and at constant rates of exchange.

Second	Quarte	5	£ millions	Ha		
1997	1996	Iner/ (decr.)		1997	1996	Incz/
8.830	8,710	ኒ ፠	TURNOVER	16,818	16,314	3%
887	574	52%	OPERATING PROFIT	1,472	1,231	20%
884	765	16%	Operating profit BEI	1,545	1,337	16%
5.022	0		Profit on sale of chemicals businesses	3,022	0	
(57)	(70)		Interest (net)	(801)	(152)	
3,858	609	534%	PROFIT BEFORE TAXATION	4,396	1,112	296%
(291)	(251)		Taxation	(495)	(407)	
(573)	0		Taxation of profit on sale of chemicals businesses	(573)	0	
2,994	378	692%	PROFIT AFTER TAXATION	3,328	705	372%
(46)	(18)		Minority Interests	(59)	(50)	
2,948	360	720%	NET PROFIT AT CONSTANT 1996 EXCHANGE BATES	3,269	675	385%
2,513	363	592%	NET PROFIT AT EXCHANGE RATES CURRENT IN EACH PERIOD	2,809	684	310%
34.43p	19.39p	592%	COMBINED EARNINGS PER SHAR per 5p of ordinary capital	150.19p	36.50p	310%

CONSOLIDATED RESULTS EXCLUDING PROFIT ON SALE OF CHEMICALS BUSINESSES The undernoted analysis provides supplementary information, for comparative purposes only, on the consolidated results, excluding the profit on sale of the international speciality chemicals businesses.
Second Owners Carillions Half Vers

Secon	d Quarter		£ millions	Hai	f Year	
1997	1996 In	cr./(Decr.)	at constant exchange rates	1997	1996	Incr/(Decr
836	609	37%	Profit before tax	1.374	1.112	24%
522	360	45%	Net Profit	843	675	25%
			at exchange rates carrent in each period			
473	363	30%·	Net Profit	769	684	12%
EXCH	ANGE R	ATES				
For re	porting a	at constan	t 1996 exchange rates, the micals businesses and related	profit	on the	sale of the

at the annual average exchange rates for 1996. In arriving at the net profit at exchange rate current in each period, the profit on the sale of the international speciality chemicals businesses and associated taxation have been translated at the exchange rates prevailing on the 8th July 1997.

Economic conditions have developed much as anticipated. Weaknesses in some key countries in Western Europe contrast with strong growth in many developing and emerging markets. In North America, conditions remained generally favourable.

Overall, margin development was once again positive, most notably in Europe. The

profitability of our business increasingly reflects the benefits from cost reduction programmes and portfolio improvements.

In Europe, good sales growth in Central and Eastern Europe was partly offset by the impact of disposals and the continuing pruning of non-priority categories. Ice Cream sales were lower following poor weather in June. Our margarine and olive oil businesses recorded strong profit growth, benefitting from lower costs. There was good progress in a number of home and personal care categories. Overall, operating profit, which included some benefit from a favourable phasing of central costs, was well ahead of last year.

In Month America sales were ahead of last year, as a net effect of acquisitions and profitability of our business increasingly reflects the benefits from cost reduction

In North America sales were ahead of last year, as a net effect of acquiposals. There were good performances in fabrics cleaning and personal disposals. There were good performances in fabrics cleaning and personal wash, and Helene Curtis made a significant contribution to our overall performance. In prestige products, results were behind the corresponding period last year. Profits in foods fell against the background of a decline in sales. A major reorganisation of our US foods operations is in proceeds.

erations is in progress. In Africa and Middle East sales reflect disposals of non-core businesses. South Africa and Arabia achieved good results, but the reorganisation of distribution arrangements at the beginning of the year in Turkey temporarily depressed sales and profits. Asia and Pacific continued its strong sales and profit growth, and market investments

were increased. Results were particularly noteworthy in mass skin, hair and oral care. India and the countries in South East Asia made excellent progress. Successful product launches combined with cost reductions led to good profit growth in Australasia. In Latin America sales growth reflected good performances in ice cream and personal care. Lower profits reflect substantial increases in investments behind product innovation

SECOND QUARTER At constant rates of exchange, sales rose by 1% to £8,830 million over the corresponding quarter last year. Operating profit increase by 32%, partly due to substantially lower exceptional items in the quarter. Operating profit before exceptional items increased by 16%. Excluding the profit on the disposal of the international speciality chemicals

businesses, net profe rose by 45% to £522 million, helped by lower interest and tax costs.

At exchange rates current for each period and excluding the profit on the disposal of the international speciality chemicals businesses, net profit increased by 30% in sterling. 57% in guilders and 39% in dollars over the corresponding quarter last year Overall economic conditions are not expected to change materially in the second half of the year. Sales growth is likely to remain modest, in part due to continuing portfolio

reported net profit at constant exchange impact on our results for the year in our

isation. Although profits growth in the remainder of the year will be less buoyant, profit improvement for the full year should be satisfactory.

The strength of sterling and the weakness of the guilder as compared to last year.

exchange rates, is likely to be significant. PROPOSED SUB-DIVISION OF SHARES The directors propose the sub-division of the companies' ordinary capital as follows:

Each existing ordinary share in Unilever PLC of 5p be divided into four shares of 1.25p each.

Each existing ordinary share in Unilever N.V. of FL4 to be divided into four shares of Fl. I each.

The sub-division will be put to extraordinary general meetings of the companies on

The balance sheet at 28th June 1997 excludes the net assets of the speciality chemicals

The chemicals disposal transforms Unilever's net debt position at the half year to a net

Total capital and reserves increased by £2,983 million at end June 1997, mainly due to the profit on the sale of the speciality chemicals businesses.

Capital and reserves	8,164	5.181
	12,964	10,259
CASH FLOW STATEMENT (unquedited)		Ealf Year
	1997	1996
Cash flow from operating activities	1,088	1,239
Returns on investments and servicing of finance	(141)	(149
Taxation	(290)	(307
Capital expenditure and financial investment	(407)	(492
Acquisitions and disposals	25	(884
Dividends paid on ordinary share capital	(394)	(474
CASH INFLOW/(OUTFLOW) BEFORE MANAGEMEN	T	•
OF LIQUID RESOURCES AND FINANCING	(119)	(1,067
Management of liquid resources	(746)	(39 5
Financing	630	1,550
INCREASE/(DECREASE) IN CASH IN THE PERIOD	(235)	88

tinued Operations

Ruchange Rates
The results for 1997 and the comparative figures for 1996 have been tra

For current rate reporting, the profit on the sale of the international speciality chemicals businesses and associated caration have been translated at the exchange rates prevailing on the 8th of July. The bakince sheet figures have been translated at period-end rates of exchange. For our reporting currencies these were £1 = Fl. 3.25 = US \$1.66 at the half year 1997 (31 December 1996: £1 = Fl. 2.96 = US \$1.70). The results for the third quarter and announcement of interim dividends for 1997 will

address: http://www.unilever.com



oldier stands guard testor ke in Central District line e poultry brought by the

Ricans three

paths

11.11

- 2.5





















Canufe of

iting stability

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Four former Conservative MPs were censured by parliament's ethics watchdog yesterday, as inquiries into

close. The standards and privileges committee of the House of Commons found election, Sir Michael Grylls and Mr Tim Smith, had fallen "seriously below the standards the house is entitled to expect of its members". Had they remained in the Commons they would have received "a substantial

Two other former MPs, Mr dern, was largely exoner-

the "cash for questions"

published a month ago. Mr Hamilton, who was

The report acknowledged

from the lobbyist Mr Ian Greer.

However, the committee

Sir Richard Greenbury has called for the Hampel committee, which is reviewing the report produced by his committee on executive pay, there being now a real to hold back from recommending additional corpo-

rate governance rules. The Hampel committee, perspective." pel, chairman of ICI and the successor body to the Cadbury and Greenbury committees on corporate gover- able to bring some clarificanance, is due to publish its

said: "There is a feeling in on Tuesday. However it is

industry.

"There is an argument for period of reflection over two to three years to give people a chance to put things in

Ronald had had the time to revisit some of the more contentious issues and might be

and instead lay down gen- reports their compliance governance.

Strong pound is hitting export volumes, suggests survey

NEWS: UK

Honours list coincides with unexpected by-election defeat for Labour

Blair acclaims business leaders

By John Kampfner and George Parker

Mr Tony Blair, the prime minister, will today demonstrate the Labour government's affection for the business community by awarding peerages - appointments to the unelected upper house - to several of the UK's leading corporate figures.

The announcement of 31 life peers - the start of a long process of redressing the in-built Conservative majority in the House of Lords - coincided with the first signs of trouble for the

prime minister. Mr William Hague, Conservative leader, led his party's celebrations of an unexpected victory in Thursday's by election in Uxbridge, west

Even though the seat hadbeen considered a Conservative stronghold and had been narrowly held by them during the Labour landslide on timed the by-election to fall

The Dutch are said to

have the greatest

appetite for it but the

After a long period in the membership is

popularity of caravanning on people turning to camping as

1989 to 20,400 last year. But also been helped by the deci-

British appear to be reacquiring a taste for holi-

doldrums, the caravan industry is looking forward

to its best year. Spending on

camping and caravanning

rose modestly last year by

£8m (\$13m) to £518m. Sales

of touring caravans - those

towed by a car - are expec-

ted to rise this year for the

"It looks at last as if the

tourer caravan industry has

turned the corner with the

the rise," said Mr Tony

Hailey, chairman of the

Tourer Marketing Bureau.

an association of the largest

value luxury items which

make them vulnerable to the

economic cycle. The indus-

try says it tends to be one of

the first to be hit in a reces-

sion and one of the last to

steadily declining sales fig-

Travellers in London were yesterday

promised the world's most sophisti-

cated bus and Underground ticket-

ing system. It will be provided under a private finance initiative project.

decided to enter final negotiations

on a contract for the innovative

Prestige ticketing project. It hopes

London Transport said it had

caravan manufacturers.

first time in eight years.

daying with a caravan.



To the House of Lords: David Sainsbury, George Simpson and film producer David Putnam

dicted a win for Mr John Randall - let alone by a comfortable majority of 3,766. Officials said while the

defeat was little more than a pinprick, the leadership's decision to impose a Blairite candidate instead of the local man who had fought the seat at the general election had backfired.

Caravan industry is

Manufacturers

expect a record

casting a 12 per cent rise in

The Camping and Cara-

vanning Club, which oper-

ates sites, says its member-

ship has accelerated in

recent years - rising by

almost 30 per cent over the

has been driven mainly by

a cheap holiday during the

recession. Many are now

With a price tag of camping in a tent, then areas vary from large family

between £7,000 and £20,000, move up to caravans," said sites with swimming pools, caravans are relatively high Mr Bob Stanton, the Club's to small sites on farmers'

they tend to stick with it."

the industry expects a turn- sion by some of the largest lot of ground to regain. The

ures, from 36,500 caravans in The rise in caravan sales has equipped kitchens.

trading up to caravans.

past five years. The growth

sales to 22,500 caravans.

year and club

accelerating

turning the corner

So unconfident were the Conservatives that they May 1, few MPs had pre- at the end of the three- against the government.

month first term of Mr Blair's government.

Mr Hague, hailing an "important rediscovery" for the Conservatives, said: "They thought they could put anybody into this seat and win it. We have shown that they cannot take people for granted."

Downing Street will hope that the defeat will not spur closet dissidents to use the long recess to speak out

avan prices by cutting man-ufacturing and dealer profit

"The market had been

through a long decline and

we thought that perhaps it

was because caravans were

seen as too expensive," said

Mr Richard White, sales and

marketing director at Swift

Group, the largest manufac-

the price of its top caravan

models by £3,000 to £15,000

and says the tactic appears

to have succeeded in attract-

ing new and second time

to clean up its image by

responding to environmental

concerns about dirty camp

sites and improving facilities

Caravanning last year to respond to changing con- cated sites and facilities.

But the industry still has a

London transport system to be upgraded

in place in time for the millennium. ability and levels of bus and Tube

new ticket gates and touch screen 20 per cent and WS Atkins the

ticket machines in Tube stations. remaining 5 per cent. The private London's 6,000 buses will also get sector partners will invest £180m.

The proposed 17-year contract will assist with service planning. The

The industry has also tried

The company has reduced

margins.

"A lot of people wanting a to appeal to different types

family holiday start off of holidaymakers. Camping

public relations officer. land with room for only two

accounted for more than sumer demands. Spartan car-

four in five short-break self- avans for hardy holidaymak-

trips of four nights or longer. ing toilets and fully

around this year and is fore- manufacturers to reduce car- number of people with like the outdoor life and to

The Prestige project will use

London's 6,000 buses will also get

London Transport's proposed PFI

partner is TranSys, a consortium of

EDS, ICL, Cubic Corporation and WS

new ticketing machines.

the end of October, with the system to TranSys linked to system avail- help speed up ticket sales.

Atkins Consultants.

catering holidays and for ers have given way to those

"Once they take to camping, or three caravans.

Privately, some ministers have expressed concern over the trouble the Conservatives have caused over the financial arrangements made for Lord Simon. former chairman of BP, since his appointment to the job of minister for competitiveness

in Europe. Mr Blair has insisted that Lord Simon is the kind of captain of industry who should be encouraged to join the government, to shed any

UK touring caravan sales

tourer caravans has fallen business people who can

not expect the number of White, also chairman of the

vanning trips to rise over promotional committee.

over the past 20 years from

650,000 to 500,000. Mintel, the

market research group, does

the next decade but it does

forecast a rise in spending as

The average age of those

attract new converts in spite

of the popularity of overseas

"It appeals to those who

use. EDS and Cubic will each have a director of EDS UK's public sector

new gate system to be installed at tion technology is playing a growing

package holidays.

smartcard technology and will mean 37% per cent stake in TranSys, ICL division, said: "This exciting scheme

As well as helping cut fraud, the

every Underground station should

provide London Transport with

information on passenger use to

smartcard technology should also

The industry has also had a result of the more sophisti-

only get away at short notice

and don't want the hassle of

booking a holiday," said Mr

Poland, says Mr Stanton.

Mr David Courtley, managing

shows the potential of PFI for involv-

ing the private sector in providing

and improving services for the pub-

lic and the way in which informa-

Other previously interested con-

sortia withdrew during earlier stages

of discussions on Prestige, leaving

only TranSvs to develop the project

role in transport systems.

to its present stage.

Scheherazade

Daneshkhu

lingering doubts about Labour's commitment to

The prime minister reinforced that point by giving life peerages to Mr George Simpson, managing director of GEC, Mr David Sainsbury, chief executive of J Sainsbury, and Mr Andrew Stone, joint managing director of Marks and Spencer.

Mr Blair wants to increase the number of Labour peers over time to neutralise Conservative supremacy in the Lords. The government has vowed to remove voting rights for hereditary peers in the first stage of an overhaul of the upper house.

The appointments are somewhat offset by the award of 10 peerages in the traditional resignation honours list for the outgoing prime minister. Mr John Major rewards four former cabinet members, although he broke with precedent by refusing to give one to Mr Norman Lamont, the former chancellor of the exchequer.

involved in incidents in Belfast, the Northern Ireland capital, and Londonderry, which officials believe could not have taken place without the IRA's sanction. But police say the IRA may have less sway over recalcitrant elements in border areas, who are known to be opposed to the ceasefire and who have access to arms

caches in the Irish Republic. The incident puts Sinn Féin in a difficult position during the six-week period when the government has said it will test the pledge of the IRA that its ceasefire is unequivocal in "word and

The office of Mr Tony Blair, the UK prime minister, was "relatively optimistic" about prospects for convening the substantive all-party talks in September.

Last night in Dublin, capital of the Irish Republic, a senior government official said the Irish government would "utterly condemned the outrage". Mr Gerry O'Hara, Sinn Fein's northern chairman, called on armed groups to end their actions.

But Mr William Thompson, an Ulster Unionist MP. said: "It's the same old thing. Paramilitaries with guns and bombs may decide to have talks, but the problem in Northern Ireland is that there are those who will take their place."

Mr Tom King, former Northern Ireland secretary in the UK government, echoed unionist scepticism over Sinn Féin's attempts to distance itself from the incident. He said: "If this proves to be a republican bomb, I know from my own experience that Sinn Féin/IRA has a ruthless ability to impose their position on everyone on the republican side who gets in their way."

Bomb found at Northern **Ireland**

By John Murray Brown

hotel

Ms Mo Mowlam, the Northern Ireland secretary in the UK government, has called for a thorough security review following the discovery of a car bomb at a hotel near the border with the Irish Republic. Security officials said the device. found on Thursday night and safely defused, may have been the work of

breakaway republicans. After the first incident since the Irish Republican Army restored its ceasefire two weeks ago, Sinn Féin, its political wing, faced renewed calls from pro-British unionists to hand in

weapons. The 450kg bomb was packed into a Ford car outside the hotel in Lisbellaw, frequented by holidaving anglers. Given the location and "soft" nature of the target, security officials say the action may have been the work of the Continuity Army Council, a splinter republican group which blew up a hotel near Enniskillen, in the same part of

Northern Ireland, last year. The CAC has been

domestic camping and cara- Tourer Marketing Bureau's Numbers going abroad have also been rising, particularly since last year due to the pound's strength. More are venturing beyond buying a caravan is between France, the most popular 45 and 50 and the industry overseas destination to That is borne out by more than half all holiday with central heating, flush- says that it continues to places such as the Czech Republic, Hungary and

UK NEWS DIGEST

Plutonium in children's teeth

Radioactive plutonium is turning up in the teeth of children across the UK, according to a report for the Department of Health. The plutonium is said to emanate from the Sellafield nuclear processing plant in north-west England. Children living closest to the plant had the highest levels. The study looked at 3,300 teeth taken from

eenage children during dental treatment. But the Department of Health reassured parents that the levels of plutonium represented an "insignificant risk to health". Plutonium, which is virtually all man-made, is used in nuclear weapons and is a by-product of nuclear power stations. Its only source in Britain is the reprocess

ng plant at Sellafield. The findings were reported in the latest issue of New Scientist. Nick Priest, who headed the study while work-ing for AEA Technology, said the level of plutonium expo-sure was so small it would be swamped by the effects of other radiation sources, mostly natural. But Greenpeace the environmental pressure group, called for Sellafield's immediate closure. Greenpeace scientist Ms Helen Wallace said: "There is no safe dose. The stuff is getting into people's bodies and nobody really knows what the effect

SOCCER

Jury retires in players' trial

The jury in the trial of three soccer players and a Far Eastern businessman accused of match-rigging yesterday retired for the weekend after failing to reach verdicts. Mr Bruce Grobbelaar, the former Liverpool goalkeeper, Mr Hans Segers, the former Wimbledon goalkeeper. Mr John Fashanu, a former Wimbledon and Aston Villa player. and Mr Heng Suan Lim, a Malaysian businessman, are all accused of conspiracy to corruptly give or receive pay-ments to influence the results of Premier League matches Mr Grobbelaar is also accused of corruptly accepting 22,000 (\$3,260) from a former business partner to improperly attempt to influence the outcome of a match. The jury resumes its deliberations on Monday.

ENGLAND AND WALES

3,140 company failures reported

There were 3,140 company failures in England and Wales in the second quarter of 1997 - the same as in the first quarter on a seasonally adjusted basis and 10 per cent down on the same time last year. The figures, produced by the Department of Trade and Industry, mean that 1.3 per cent of active companies failed in the year to the end of the second quarter of 1997. Bankruptcies – individual insolvencies – were in 6,185 in the second quarter, an increase of 0.3 per cent on the previous quarter and down 6 per cent on the same period last year.

EATING OUT

Indian restaurant turnover \$3.2bn

Indian food lovers munch their way through a staggering 205m poppadoms each year, according to the most extensive survey yet of Britain's 8,000 Indian restaurants. A total of 111m pints of beer are used to swill down the spicy food which has an annual turnover of nearly £2bn (\$3.2bn). The survey, by Tandoori Magazine, said nearly 2.5m adults pop in for a "curry" every week. But in spite of the popular image of the curry house being an end-of-evening port of call for drunken males, only 23 per cent of customers say their Indian meal follows a visit to the pub. Rice eaten alongside meals amounts to 36,000 tonnes, flavoured with 1,440 tonnes of pickles and

■ TELECOMMUNICATIONS

Orange consortium in \$178m deal

Connect Austria, a consortium in which Orange, the UK mobile telephone operator, has a 17.5 per cent stake, has been awarded a Sch2.3bn (\$178.3m) mobile phone licence by the Austrian government to establish a GSM 1800 network. The consortium consists of Orange, Radex Heraklith and Constantia of Austria, VIAG of Germany, Telenor of Norway and Tele Danmark. The peak funding requirement for the network is estimated at Sch10bn, which will be financed by a combination of equity finance from the consortium and associated debt finance. Orange is expected to contribute an estimated \$65.9m which would be funded from existing resources.

SCOTLAND

Talks aim at averting ferry strike

Talks are to be held today in an attempt to avert a strike by seamen on Caledonian MacBrayne ferries plying routes on the west coast of Scotland. The indefinite strike. due to begin on Monday, would affect ferry services in the Firth of Clyde and would have a serious effect on traffic to the isles of Arran, Bute and Cumbrae, where CalMac

Ethics watchdog censures Tories Plea over boardroom reforms

By John Kampfner, Chief Political Correspondent

By Alan Pike,

an era of sleaze drew to a

period of suspension", the

negotiations will be completed by be worth some £1bn, with payments

delayed by the Tories until cealment of payments able behaviour."

Michael Brown and Sir defeated as an MP at the reserved for Sir Michael, Andrew Bowden, were also general election, has chalheavily reprimanded, lenged the findings. The erately misled" a previous although their suspension committee said it had not Commons committee in 1990 would have been shorter. completed its examination by "seriously understating" The fifth member under of the case and is expected the number of commission investigation, Sir Peter Hor- to meet on Tuesday to look payments he had received at the charges.

The committee was that Mr Smith, who was saga. The man at the centre up to £25,000 in cash payof the allegations, Mr Neil ments from Mr Mohamed

all-party committee con- after the election. It was amounted to "a clear contempt of the house". The most damning language was who was said to have "delib-

that the conduct of two MPs responding to the findings forced to give up the safe acknowledged that its pow-who stood down at the last of Sir Gordon Downey, the seat of Beaconsfield at the ers to punish non-members independent parliamentary height of the campaign, had are limited and might be standards commissioner, on admitted most of the allega- expanded. It concluded: "In tions that he had accepted a future report we shall offer advice to the house on appropriate penalties and Hamilton, was heavily crit- Fayed, owner of Harrods sanctions for members, foricised by Sir Gordon, whose store, in return for lobbying mer members and other perreport was controversially services. However, his con- sons involved in unaccept-

chaired by Sir Ronald Hamreport on Tuesday.

just keep going on and on. There is a strong feeling that thought likely to draw a line police. But the committee is Cadbury, then Greenbury under the detailed codes pro- expected to want companies and then Hampel, and the duced by its predecessors to discuss in their annual whole thing is becoming an

Sir Richard said that Sir

Details of the Hampel at least one case, make them ance and will seek to throw In an interview with the report are being carefully less onerous on companies the debate on corporate gov-Financial Times. Sir Richard guarded until publication at and directors.

eral principles on corporate with Hampel.

to cover institutional investhem to draw up considered

Elsewhere the report will

can't take any more. It can't ard's pleas are likely to be who believe that general by shareholder groups.

heard. The committee is principles are impossible to

The report is also expected Controversially it is expec- marginally to tighten the ted to extend such principles guidelines on how much work auditors can do for tors, probably calling on large clients in an attempt to reduce their potential depenpolicies on how they use dence on clients which their votes at annual meet- might undermine their independence.

Generally the report will either leave the Cadbury and meet corporate concerns Greenbury rules alone or, in about the burden of compliernance on to a more flexible The report is likely to framework - an approach UK boardrooms that we just understood that Sir Rich- draw criticism from those which may well be attacked

Purchasing Managers' Index -

Seasonativ adjusted : By Wolfgang Münchau, Economics Correspondent

UK exports suffered a sharp drop during July, according to the purchasing managers' report, a monthly survey of the state of the index fell from 53.5 in June to 53.4 monitoring exports in January UK manufacturing sector. The results give the first statis-

tic demand.

be slowing.

its growth was underpinned put, which accelerated as compa- trade statistics.

almost entirely by strong domes- nies reported further growth in Mr Peter Thomson director-gen- fall in the cost of imported goods. pects for industry continue to new orders.

decrease in export orders for the The purchasing managers' first time since the survey began in July, the 14th month in succes- 1996. The exports order balance sion in which it registered above fell from 51.7 in June to 47.1 tical indication that the strong the critical level of 50, which sugbelow the critical level of 50 pound is hitting UK export vol- gests that the manufacturing suggesting a month-on-month fall umes. The manufacturing sector economy is expanding. The expan- in orders. This turnaround has continued to expand robustly, but sion reflected a strong rise in out- not yet registered in the official

eral of the Chartered Institute of Average input prices recorded the deteriorate." There are also indications that
The fall in the absolute value of Purchasing and Supply, which growth in the UK economy may the PMI was largely driven by a commissions the survey, said: the survey started in July 1991. "This is the first month that pur chasing managers have reported a mist at HSBC Markets, said; "The potentially inflationary sign. The

clearly having an effect."

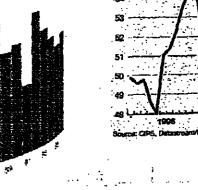
remains strong, but the decline in demand from overseas markets is

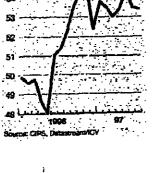
sharpest monthly drop since the

ling. The manufacturing sector ing. it is not weak enough to pre- July. vent the Bank of England from pushing interest rates up further

The survey also indicated that the UK economy may be facing Mr Jonathan Loynes, UK econo- increasing supply bottlenecks, a significant drop in export orders, report makes grim reading for supplies delivery times index fell which they attribute almost manufacturers. For while it shows to its lowest level for over two entirely to the strength of ster- that the pound's strength is hurt- years from 48.4 in June to 46.3 in

The purchasing managers' survey is based on data from 310 to dampen consumer spending. industrial companies. It is consid-The strong pound also led to a Accordingly, the longer-term pros- ered an early indicator of trends.





FINANCIAL TIMES

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Saturday August 2 1997

Boom-boom banks

industry, his actions so far have done nothing either to boost share prices of companies in traditional industries or to slow the amazing growth of the financial services sector. Of all the businesses in the UK, this looks like the one to be in.

Share prices tell the story. The retail banks sector index has risen by 44 per cent so far this year, with a further boost this week from the results of Abbey National and, yesterday, Lloyds TSB. But, as the British economy accelerates into another destabilising episode of consumer-led growth and excessive credit expansion, the question arises: should the retail banking sector be brought under tighter control?

Evidence of the scale of the retail banking boom is plentiful. Figures this week showed that bank mortgage lending is at its highest for four years, and that house prices have been rising at an annualised 14 per cent in the past six months. The net rise in consumer credit granted by banks in the second quarter set a record. and was 50 per cent higher than in the same quarter of 1996. The broad money supply M4 has risen by 11.7 per cent in a year.

None of these indicators yet matches the excesses of the late 1980s when M4 expanded at 18 per cent and house price growth hit 25 per cent. But they clash awkwardly with the current low rates of inflation around the

It is the sheer profitability of retail banking in the UK that now catches the eye. Yesterday Lloyds TSB reported a return on equity of 40 per cent in the first half. On top of growth in volume, lending margins have been widening until recently. Those banks like NatWest and Barclays that have expanded out of their sheltered domestic activities into other areas, notably investment banking, have found the going harder; evidently competition is much

Banking crisis

ing will not be recycled into financing irresponsible lending growth of the kind that led to the late 1980s banking crisis. Although Abbey National admitted this week to £1bn of capital beyond regulatory requirements, and Lloyds TSB generates that much surplus

Whatever the desire of Mr capital each year, the banks in Gordon Brown to promote the general are now committed to interests of manufacturing returning capital to shareholders rather than chasing new business of ever-lower quality.

That is reassuring up to a point, and deals with the most important public policy issue. But the prevalence of such high profitability could be a factor in the ready supply of credit and the tendency of the UK to expe-rience repeated and intense credit-based booms.

Competition concerns

The implied inadequacy of effective competition in retail banking is a matter for concern here. Some of the reasons are longstanding, such as the passivity and lack of financial education of customers. New questions arise, however, from the absorption of the mutual building societies into the banking sector. Indeed, the building societies may soon for practical purposes disappear: although Nationwide's mutual status was at least temporarily saved by the members' vote last week, strong stories are circulating of the impending sale of a smaller society, Birmingham Midshires.

The building societies have provided an important element of competition, in quality of service if not always on price. It is possible that the conversion of Halifax and the rest into banks will stiffen competition on the high street still further. But it could also be that the element of oligopoly will be strengthened. The banks may concentrate on satisfying the evergreater demands of their share holders by, for instance, continuing to use their cost reduc tions to bolster their margins

rather than to compete on price. The immediate competition question concerns the release of millions of former building society members from the handcuffs created by their need to qualify for mortgages. Abbey National has complained that this froze the mortgage market in the early months of the year Competition should now become more intense. But clear evidence has yet to appear.

Probably the real threat to the retail banks lies outside the We are promised that such industry, however. General high profits in domestic bank- retailers such as Tesco and Sainsbury are already sizing up the lucrative profits being made in the sector. Further ahead more radical alternatives such as internet-based banking may begin to make inroads. The great financial services boom of the late 1990s may prove to be the retail banks' last hurrah.

Gunfight at bankers' corral

John Thornhill argues that Boris Nemtsov is winning his first battle to free Russian capitalism from the influence of robber barons

t is "a gigantic indicator of what is happening in the country. We are moving from a semi-criminal accumulation of capital to a normal civilised regime". Thus Boris Nemtsov. Russia's 37-yearold first deputy prime minister, on the sale of the government's stake in the state-owned telecommunications holding company. called Svyazinvest.

The sale was the first relatively free auction of one of the state's crown jewels.

It showed (not for the first time, but most clearly) that the group of "robber barons" who have held sway over the government, are turning against each other. It raises the possibility that the government can free itself from their often malign influence. And it was a personal victory for Mr Nemtsov.

Recruited by President Boris Yeltsin to help "civilise" Russian capitalism, Mr Nemtsov knew that sooner or later he would have to move against the powerful new business empires. Which were using their close connections with the Kremlin to skim off some of the state's most lucra-

The telecoms sale gave him a chance to do so. Last week, after two failed attempts to dispose of its shareholding, the government finally sold its 25 per cent stake in the holding company for \$1.9bn (£1.16bn). The buyers were an international consortium led by Oneximbank, one of Russia's most powerful banking empires, and backed by western investors, including, he revealed this week. Mr George Soros, the international financier, and Deutsche Morgan Grenfeli

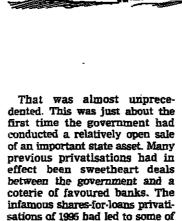
The loser in the auction was a rival consortium, formally composed of Alfa Group, Credit Suisse First Boston and Telefónica de España, the Spanish telephone operator, but in reality, government officials say, secretly backed by two of Russia's most influential power brokers: Mr Vladimir Gusinsky, who runs the Most media group, and Mr Boris Berezovsky, deputy head of the security council and former head of the Logovaz car business

Both parties have denied any involvement. But both businessmen are known to have attended important meetings concerning the Svyazinvest auction. On the eve of the auction they

made an extraordinary last-minute dash to France to lobby Mr Anatoly Chubais, the first deputy prime minister, who was on holi-

According to Mr Vladimir Potanin, the head of Oneximbank, who was also present at the meeting, these two businessmen tried to persuade Mr Chubais that they should be allowed to win the auction at little more than the starting price. Mr Chubais adamantly refused

to interfere and said a competitive auction must go ahead.



giveaway prices. Soon after entering government in March, Mr Nemtsov condemned these shares-for-loans privatisations as "birthmarks of our dark past" and insisted that different rules would henceforth

the country's assets being trans-

ferred to these banks at near-

At first, the bankers seemed to agree. In a newspaper interview this week. Mr Nemtsov recalled how he had met with a group of top bankers in April and said: "OK lads! That's the end of it. Let's live honestly." Every banker, he said, replied: "We

the promise wasi short-lived. In Mr Nemtsov's words, some bankers soon started putting "unprecedentedly forceful, loutish pressure on the government" to amend the terms of forthcoming privatisations in their favour

One official recalls that, in a meeting about the Svyazinvest privatisation, a leading banker accused of illegally diverting pulled out some papers from his briefcase, "accidentally" letting a and harbouring presidential pistol fall on to the table. A leering smile accompanied this

went ahead. And the upshot has been to bring into the open the simmering rivalry among the group of seven bankers who played a critical role in financing Mr Yeltsin's re-election campaign last year and in ensuring favourable media coverage.

Two of their number, Mr Potanin, of Oneximbank, and Mr Berezovsky, of Logovaz, later acquired important government posts. Flushed with a sense of their own self-importance, this group appeared in danger of usurping many of the powers of the state. So great was their influence, that Russians coined a phrase to describe the phenomenon - the semibankirshchina the era of the seven bankers.

But no sooner was the group publicly identified than it began to fracture. Some bankers claimed that Mr Potanin's actions in government appeared only to favour his Oneximbank empire while granting few favours to his

Mr Potanin certainly did conspicuously well out of the sharesfor-loans privatisation, acquiring control of the world's biggest nickel mine, Norilsk Nickel, and Sidanco, the leading Russian oil group, both potentially worldclass companies. Before and after the Syvazinyest auction. Mr Potanin was the target of frenzied abuse in the media, being state assets while in government ambitions.

The consequences of this extraordinary clash between senior government ministers and

Among the bankers themselves, the struggle may intensify as other important companies, be sent in to investigate Mr Beresuch as Rosneft, the leading state-owned oil company, are also put on the auction block.

Just as important, though, is how the rivalry affects the government. "The people who are putting pressure on the government are indeed very influential people from a business and political point of view," says the Kremlin official. "But I believe the government is strong enough to stand up to pressures like this. It is not yet over but this crisis could signal an end of the

r Nemtsov has warned that the struggle could lead to a realignment of political forces, with some of the powerful banks switching their allegiance from President Yeltsin to the "communists and fascists". It has even been suggested that Mr Victor Chernomyrdin, the prime minister, may break with his two younger deputy ministers. Mr state and business interests Nemtsov and Mr Chubais, and enabling Russia to move from throw his weight behind this new

But for the moment, the government appears to be standing firm and is receiving strong support from the president, who accepted the outcome of the Svyazinvest auction.

the government may even move against some of these over-

top business leaders are difficult mighty barons. There are rumours - admittedly floated in newspapers controlled by Oneximbank - that the tax police will zovsky's business empire. There are stronger suggestions that his interest in ORT, the main television channel in which the government retains a 51 per cent stake, and his place in govern-

ment will be reviewed. "It is somewhat extraordinary that a government-controlled television station could be manipulated to take the positions that it has been taking," the Kremlin official says, referring to the channel fawning on Mr Berezovsky, while attacking two ministers, Messrs Chubais and Nem-

This clash of interests and the flagrant abuse of media power to advance corporate ambitions may be doing incalculable harm to the government's credibility and the overall development of Russian

But, as has been the case so often in recent Russian history, it is also possible that this crisis may lead to catharsis. It could result in the disentangling of "robber capitalism to legitimate Soros.

Mr Nemtsov says: "Either the state will be in the thrall of semi shadowy capital or it will establish rules which will lead to a normal situation in the country." There are veiled threats that This week's events somewhat increases the chances that normality will prevail.

·LETTERS TO THE EDITOR·

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Drugs case must address complexities

From Mr Paul B. Stares. Sir, The prescription offered by Martin Wolf for the many problems caused by the illicit trade in drugs is disarmingly compelling ("A case for legalising drugs", July 29). But like almost all proponents of legalisation, he fails completely to spell out what it would mean in practice.

Most advocates seem to have in mind what currently applies to the sale of alcohol and tobacco. In doing so they forget how much these products are subjected to their own form of regulation and control in the interests of public health and safety. Since it is reasonable to expect no less a standard in making illegal drugs legal, it is appropriate to ask some basic questions.

Would all drugs, including cocaine, LSD, and heroin be legalised, or just some such as marijuana? In what form and strength would they be made available? Who would produce

From Mr Derek Coggrave.

Sir, Christopher Smallwood

(Letters, July 28) asks the ques-

duced manufacturing disaster

can be averted" because of the

expected continuing rises in

tion "whether a third sterling-in-

interest rates and the consequent

Those responsible for the econ-

They know that survival depends

on some fast nimble footwork but

increase in the value of sterling.

omy remind me of the English

batsmen facing Shane Warne.

act like men with leaden feet.

The problem is the estimated

£35bn (\$57bn) of windfalls flood-

ing into the economy. Raising

them? What kind of licensing, product reliability, and security standards would prevail? How would consumers obtain them through government-controlled stores, corner shops, mail-order services, or doctors? Would transactions be taxed, registered, and reported? Would there be advertising? What about public liability and safety information? Who could buy drugs - teenagers, felons, pregnant women, transportation workers? Would restrictions be placed on where and when they could be consumed ~ near schools, only after work and on weekends? What would be the penalties for violating these laws? Would they be more or less

severe than existing ones? This is hardly an exhaustive list. Nor are these questions secondary concerns for they go right. to the heart of whether legalisation ~ whatever it entails would be better or worse than prohibition. How much the use of

interest rates does not get rid of

the money. A rise in value added

pose and, as it would hit hardest

tax could be used for this pur-

those with windfalls to spend.

might be more equitable than

would be fairer than damaging

job prospects in exporting indus-

tries, putting people out of work,

There would still be some pain,

evenly and would not fall just on

The government could raise

but this would be soread more

manufacturing and exports.

VAT while declaring that the

and bankrupting businesses.

most methods of restraining

money supply. At least this

Rise in VAT would counter windfall effect

drugs might rise after legalisation would surely depend on how cheap and easy they were to come by and whether the full persuasive powers of advertising could be unleashed to promote their sales. How much crime might fall would surely have something to do with the black market opportunities that would remain and whether some addicts would still have to steal to support their habits. In short, the devil is in the details.

These are not reasons to dismiss legalisation as unworkable or some aspects as preferable to current policies. It is just not the simple solution that advocates

Paul B. Stares. senior research fellow The Japan Institute of International Affairs. Kasumigaseki Bldg. 11F Kasumigaseki 3-2-5 Chiyoda-ku, Tokyo 100, Japan

rates would be reduced to their

previous level once the flood of

building society windfalls had

At present the economic bats-

man appears to have his bat in a

stonewalling position with his

eyes firmly closed, hoping that

the bowler is aiming for the bat

quently, the answer to Christo-

pher Smallwood's question must

and not the stumps. Conse-

be, unlikely.

Finchley,

Derek Coggrave.

23 Wentworth Park,

London N3 1YE, UK

London plan is a recipe for chaos

From Mr Simon J.C. Randall, Sir, The government's consultation paper regarding local government in London is a recipe for chaos, confusion and bureaucracy, involving the creation of not only a new mayor for London but a London assembly and no fewer than four other agencies or authorities, some with tax levying powers ("Elected mayor planned for London", July 30).

Unitary government through the London boroughs has been a success. Creating another tier of bureaucracy will take place at the expense of the boroughs and, despite the government's denials, create duplication, interference at local level and excessive "nannying" by the unnecessary

In other words, Greater London Council Mark II is likely to be created - six entities taking power from Londoners at borough level and, particularly if there is a Henry VIII clause in the legislation (a type of clause which allows government to change primary legislation by regulation), seeking more power and centralisation thereafter.

As a former GLC and borough councillor, I consider the proposals are unworkable. The government should build upon the success of the London boroughs and improve the existing framework.

Simon J.C. Randall, chairman. Oh No Not the New GLC Limited, 190 Strand, London WC2R 1JN, UK

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The American

internet? One explanation is that titles, alongside

appointed to the new Labour government on May 5. Today, as he tries to fend off Tory attacks over alleged conflicts of interest in relation to BP, he looks suspi-

chairman of British

Petroleum, looked a

formidable political prize for

Mr Tony Blair when he was

ciously like a tarnished

The haste with which this business leader was projected into government is BP annual report reveals part of the trouble. In the that more than three quareuphoria, that followed ters of his 249,303 shares Labour's election victory, were held in two long-term his shareholding in BP now worth more than 22m tranches of shares are (\$3.3m) - appears not to locked into the plans, have been handled with due administered by a Jersey care. The resulting difficulty was compounded by the government's over-reaction and

Lord Simon's initial reluctance to defend himself. The failure to disclose his remuneration committee to ownership of the shares was release the shares. This politically inept, while the government's inconsistent accounts about the rest of his portfolio played into the hands of shadow trade and industry spokesman Mr John Redwood.

on the central issues - the future of his BP shares and the management of potential conflicts of interest - at the drop of a hat. appears more defensible than an article under his Simon's claim that he faced name in Thursday's Times appeared to allow. (After ing legislation is real this unexpected breaking of enough. A sale at any time

"We can't tell you what time

the meeting will finish

Man in the News · Lord Simon

Not such a political prize

John Plender on the beleaguered former chairman of BP

yesterday.)

For a start, it would have been a practical impossibility for him to sell all his shares on taking office. The incentive plans. The two trust, until 1998 and 2001. According to a spokesman

for BP it would have required the consent of the plans' trustees and of the BP reveals the obstacles to instant disposal. Since the people involved included such luminaries as Mr Peter Sutherland, the globe-trotting chairman of Goldman Sachs International, and Mr Yet Lord Simon's position Charles Knight, chairman of St Louis-based Emerson Electric of the US, consents could not have been granted

More importantly, Lord difficulties with insider dealcover he was once again since his appointment might

fallen, since he had privi- on which he sat. leged access to inside informonth of the second quarter

of BP's financial year. forecasts for a period whose a blind trust might have left can the oil company claim him open to criticism on this score. Of course, in the rough

world of politics the mere mention of incentive plans and off-shore Jersey trusts is a bostage to fortune - no matter that any company with half of its 340-odd incentive plan members working overseas would have done the same thing, with taxes being paid in the appropriate jurisdictions. Yet the irony of Lord

Simon's situation is that he is far from being a stereotypical fat cat. During his tenure as group chief executive and BP chairman profits rose from £112m to £3.7bn. The company's long-term incentive plans are among the few in British industry that impose challenging performance criteria in line with the recommendations

unavailable for comment have left him vulnerable the of the Greenbury Committee share price subsequently on directors' remuneration,

As businessmen go, he has mation for more than a a better claim to hold ministerial office than most. And he comes cheap, since the This included detailed government is not being orecasts for a period whose charged for his services. results are not due until Nor, since he did not have a next Tuesday. Even a sale to service contract with BP, any compensation.

> trast Lord Simon with Sir Ian Mac-Gregor, the businessman invited by the Thatcher government to run British Steel in the early 1980s. Lazard Frères in New York, where MacGregor was a partner, extracted huge sums from the British taxpayer in compensation for

touches BP. As for Tory concerns about his involvement in gas liberalisation and state responsible for energy. a government so sensitive to government time for free?

The real problem is more fundamental and generic. It concerns the large number of pies in which prominent businessmen have their fingers. Before joining the government Lord Simon, for example, was a director of the mining group RTZ, the German insurance giant Allianz, a member of the advisory board of Deutsche Bank, a member of the Ham-

leading companies. A minister from the business world cannot escape making decisions that will have an impact on former colleagues. Take the Hampel committee which reports next Tuesday, Lord Simon shares ministerial responsi-What, then, of conflicts of bility for corporate goverinterest? Lord Simon avoids nance with Mr Ian McCartany business that directly ney. According to a DTI spokesman yesterday no

on the boards of many other

decision has been taken on whether he should withdraw taxation. this from any consideration of scarcely amounts to much the report of a body of since the main decisions in which he was a member. It this area are taken by Mr seems extraordinary, given tion all those business advis-John Battle, the minister of the controversy to date, that ers who are giving the

media criticism should not have covered its flanks on this point.

Those who recall Harold Wilson and his crooked business hangers-on such as Lords Kagan and Brailey can only rejoice that Labour now recruits from the business mainstream. But this brings different problems. One is that pathbreakers like Lord Simon may enjoy disproportionate power because they have delivered such a large political divi-

Another is that the growth of share options and incentives means that most ministers from business will have big share stakes. Given the insider dealing problem, pel committee on corporate a fixed quarantine period in governance, along with which share stakes are automatically frozen before numerous other bodies. His former fellow directors sit being put in trust or sold may be needed.

Lord Simon has toughness enough to weather this modest storm. But there may be more storms ahead over conflicts of interest, especially in relation to the husiness advisers who are swelling the Whitehall ranks while continuing to occupy top jobs in industry and com-

Meanwhile the bigger questions about businessmen in politics remain the same. Are they ever much good at the job? And how do shareholders feel about losing Lord Simon, not to men-



John Kampfner on what the UK foreign secretary's ethical policy might mean in practice

The moral mantra

because it depends how long it takes for the president to British officials were only

half joking as they prepared through the sale of £160m for the final encounter of Mr Robin Cook's three-day tour water cannons and of former Yugoslavia this armoured cars to Indonesia week. The latest recipient of the UK foreign secretary's from more than 100 Labour no-nonsense approach was MPs who had signed a par-Mr Franjo Tudiman, the Croatian president - a man who does not take kindly to lec- of Indonesia's human rights tures from visiting foreign-

In fact the talks ran over time, but the protagonists the courts if it had reneged agreed to disagree on just on a deal struck under the about everything. Mr Cook Tories. This, however, is has little truck for the lead-likely to be the last such ers of what he calls "little excuse statelets" who define free speech as the right to assert his visits to Sarajevo, Banja their nationalism.

UK foreign office. His willingness to harangue them in public is. On the evidence of Bosnian Muslims were the first three months of the smarting over a suggestion Labour government, Mr Cook has few equals among top diplomats of industria- they took steps to stamp out lised states for blunt talking.

The strategy is part of a campaign to inject an "ethical" dimension into UK foreign policy. Mr Cook believes the previous Conservative government showed too few scruples in the area, linking development aid with arms sales and other projects, and not taking a stand against countries that violate human rights.

for Bosnia, he decided to let (\$263m) worth of Hawk jets. in the teeth of opposition

liamentary motion protesting against the sale because abuses in East Timor. Mr Cook argued that Britain would have had trouble in likely to be the last such

So Mr Cook wanted to use Luka, Tuzia and Zagreb to His disdain for their mes- show that he had struck a sage may not be new for the new balance between ethical principle and realpolitik.

Days before he arrived. by Mr Cook that further aid would be in jeopardy unless endemic corruption. Serbs were furious because of his warnings that there might be more snatches of indicted war criminals, and Croats fumed at Britain's part in persuading the International Monetary Fund to withhold a \$40m credit due to the state of their democracy.

None of them appreciated the amount of time Mr Cook devoted to giving interviews But can Mr Cook do bet- to journalists from indepenter? Shortly before he set out dent television channels and



Face to face: Cook (right) meeting Franjo Tudjman

acknowledge that Britain cannot drag governments towards greater political tolerance and financial transparency on its own. He is relying on two allies, the US and Germany - he conspicuously omits references to

His trip to former Yugoslavia followed visits by Mrs Madeleine Albright, US secretary of state, and Mr Klaus Kinkel, Germany's foreign

France

newspapers and discussions her talks. Mr Kinkel also did with opposition politicians. not pull his punches, espe-Mr Cook is the first to cially towards the Croats, traditional friends of the Germans. The three ministers appear

determined to maintain the pressure on Mr Tudjman when the IMF loan is reviewed again in October. Success or failure of the new approach will take some time to determine.

The new ethical mantra has so far been confined to theory rather than practice. What will happen when it minister. Mrs Albright set comes into conflict with the more pugnacious tone in national interest? Mr Cook

will have considerable difficulty explaining in cabinet the loss of an order for a defence contract, with thousands of jobs going to another country. He has already had a taste of the problem from the arguments over the sale of the Hawk jets, which overshadowed his publication of amended

rules for arms sales. Will Mr Cook achieve his aims by taking his interlocutors on so publicly? He claimed a success when Mr Aliva Izetbegovic, president from Mr Tudiman was a lecture on Croatian history back to the Middle Ages, a denial of any human rights problem, a refusal to engage on the subject of repatriation of refugees and a claim that he had no influence on Bosnia's Croats.

With the leaders in the region all but refusing to help Bosnia become a more viable state - as they promised to do under the 1995 halted the Bosnia war - Mr Cook and his allies will know that words alone will not suffice.

But who will take action? Last month British soldiers, albeit under international auspices, killed one Serb war crimes suspect in Prijedor to have tried."

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and took another to the war crimes tribunal in the Hague. But Mr Cook cannot allow Britain to take on the role of international policeman alone. Nor can he risk being left on his own, linking future aid with freedom of the press and other issues. "If international co-ordination broke down. I certainly would lose some of my optimism," he says.

Over the next year, British influence will be at a high point, through its leadership of several international forums - the European Union, the Group of Seven and the Commonwealth (where the foreign secretary will make human rights in of the Moslems in Bosnia's Nigeria, Kenya and elsethree-man council, agreed to where a leading issue). By establish a commission to the end of 1998 he would look at the disbursement of want to prove that certain their anti-democratic behaviour, or paid the price for it. But will Britain challenge

the big powers? What about China and Tibet? What about corruption in Russia? Would Mr Cook talk to Mr Jiang Zemin, the Chinese president, or Mr Boris Yeltsin, president of Russia, in the same way that he did to the likes of Mr Izetbegovic and Mr Tudiman?

Mr Cook has put his head Dayton agreement which above the parapet and knows the consequences of failure. He would be likened to former US president Mr Jimmy Carter, an idealist naive about the workings of the world. "What's important is to succeed," he says. "The next important thing is

The language of bombs

Niall Ferguson raises the issue that dare not speak its name

that there is not more of it. This is one of those unpal-

atable truths that is generally not allowed to speak its name, the implication being that speaking it will only encourage terrorists. But terprovides proof of how much terrorism can achieve.

By walking into the Mahane Yehuda market on themselves and 13 others to minister or, earlier, of Linpieces, two young Palestinians have almost certainly shortened the life of Benjamin Netanyahu's Israeli government and reduced the chances of an imminent. lasting peace in the Middle East to near zero.

There are obvious analogies between the role of terrorism in the Middle East and its role in Ireland, Spain. Algeria and Turkey. In each case, minority groups within existing states used violence in the pursuit of political objectives. Phrases like "peace process" and "ceasefire" are beginning to signify the opposite of their dictionary definitions.

A single explosion rarely secures victory for terrorists. But when a bomb goes off, governments are confronted with a dilemma. They cannot be seen to make concessions to the bombers, so any

"peace process" is suspended. But retaliatory action rarely achieves the object of decapitating a terrorist group, More often, the use of harsh "emergency" measures increases support for the terrorists by vindicating their propaganda.

Even when a government is unrelentingly repressive. there are limits to how far it effective and more widely can "crack down". Even the available. By comparison, most terroristic regimes in history never wholly obliter- the democratic process just ated the threat of terrorism keep going up. The last US by internal opponents: Marat presidential election cost the was assassinated, while contenders and their parties Lenin and Hitler narrowly at least \$800m and the escaped.

For a democracy, the most responsible and tighten security. Since 1969 more than 3,000 people have been killed in Northern Ireland because of what is called, , in the inverted language that plagues the issue, "the security situation". Without the have any bearing on political efforts of the Royal Ulster life, it seems depressingly Constabulary and the army, reasonable to expect a it could have been double that. Which means there is terrorism in the decade "an acceptable level of vio- ahead. As more and more lence" - never a popular extra-parliamentary groups phrase.

end terrorism, of course; no storm of terror. sooner have the former

rrorism works. The aggrieved groups. That surprising thing is would be the pattern if Ulster were ceded to the Irish Republic, or an independent Palestine became a reality.

So far, so depressing. But there is some good news. Terrorism is not, like poverty, always with us. There rorists need no encourage- was a lot in the early 17th ment from outsiders. Even if century (in England, the no other act of terrorism had Gunpowder Plot and the occurred this year, this assassination of the Duke of week's atrocity in Jerusalem Buckingham spring to mind; and in the early 20th century (think of the assassinations of Archduke Franz Ferdinand, or of Peter Stolypin, Wednesday and blowing Russia's reforming prime

coln: these acts changed the course of history). But there was not much in the 18th. In the late 20th century.

the number of terrorist actions rose rapidly between 1968 and and 1976, dipped in the mid-1970s, reached a record peak in 1985 and then entered a 10-year period of decline. There were 392 recorded acts of terrorism in 1985 compared with 256 in 1994: the number of bombings nearly halved.

robably the best explanation for this is the decline and fall of Leninist and Maoist terrorist groups like the Red Brigades and the Red Army Faction. The trouble is that nationalist, religious and other forms of tergoing the same way. On the contrary, the 1995 Oklahoma bombing revealed how easily terrorism can be taken up by the most marginal of groups. Animal rights zealots could conceivably go the same way in Britain, as could extreme opponents of abortion. The danger is partly eco-

nomic. Historically, the

means of destruction have never been cheaper, more the costs of participation in expanding system of professional lobbying imposes a that can be done is to pene- high cost on anyone with a trate the organisations cause to promote. Even the cheaper UK political system is suffering from inflation. You can buy a surprisingly large amount of Semtex with the money it takes to get elected to parliament.

If the laws of economics growth in the global rate of opt for the form of direct The only alternative - as action with the best historiwhen the UK abandoned Pal- cal record of success, we estine or France Algeria - is may well look back on the capitulation. That does not 1990s as the luli before a

bombers become heads of The author is fellow and state than they too find tutor in modern history at themselves the targets of Jesus College, Oxford

Webs for bookworms

Retailers' online sales speak volumes, says Alice Rawsthorn

he opening more complex item. sequence of Murder

"Books are a known quanmakes the Magatity. If I buy a paperback I zine, a short story by John Updike, was posted ting," says Ms Nicole on the internet this week. Vanderbilt, senior analyst at Aspiring authors were invited to compete for \$1,000 internet research consulin prizes by finishing the tively inexpensive, so I in November. needn't worry about losing Amazon's sto Murder appears on ama-

zon.com, commercially one too much money if it all of the most successful web goes wrong." sites on the internet. The online bookseller's progress ers to present books to con-- and that of a site run by sumers from an internet site Barnes and Noble, the US than in a traditional store, bookseller - has so where space constraints impressed Waterstone's and limit the number of titles Dillons, two of the UK's available. Online bookselllargest book chains, that in ers are freed from these the autumn they plan to restrictions, because they launch new internet sites, can post details of numerous each stocking more than 1m

In general, the internet high expectations of its potential as a retailing Net sites can medium. But books are an exception. Why has buying DIOVIDE more books online become so popstill sceptical about purchasing other products on the the obscurest

the demographic characteristics of regular book buyers reviews and are virtually identical to those of keen computer comments from users. Both tend to be reasonably affluent and well- readers or educated. Another factor is that consumers are likely to feel less nervous about ordering a book over the internet than a costlier or

know exactly what I'm get-Jupiter Communications, an tancy. "And books are rela-

It is also easier for retailtitles, which can then be ordered from a warehouse.

There are rarely more has failed to live up to the than 170,000 titles in stock ular, when consumers are information about

at Barnes and Noble's biggest US book superstores, while Waterstone's will sell 150,000 at its new superstore scheduled to onen in Glasgow next month. However, it intends to make 1.4m titles available from its new waterstones.uk.com site

> Amazon's stocklist runs to 2.5m titles. Mr Jeff Bezos, the former Wall Street fund manager who founded the company three years ago, deliberately based it near one of the world's largest book warehouses in Seattle. Conventional bookshops

can, of course, order spe-

cially requested titles, and deliver them as quickly as Amazon. But space constraints make it harder for them to trigger an impulse buy. If a consumer walks into a Barnes store in search of Calvin Tomkins' new Marcel Duchamp biography, they might spot a couple of related books on the same shelf. But within minutes, Barnes's internet site can show them details of the author's other works, and any titles likely to appeal to someone interested in

Net sites can also provide more information about even the obscurest titles, alongside reviews and comments from readers or the author. This minimises the risk of losing sales because the prospective purchaser could not find a sales assis-

knowledge. Amazon tries to stimulate consumer interest with events such as the John Updike competition, as does Barnes through online chat sessions with anthors. The US sites also plough

part of their profits from online bookselling, where margins are higher than in traditional retailing because property and staff costs are lower, into price reductions, When Barnes went online this spring, it offered 30 per cent off the list price of hardbacks and 20 per cent off paperbacks. Amazon retaliated by matching those discounts, and knocking 40 per cent off bestsellers.

Ms Vanderbilt suspects that these discounts compensate for postage fees - \$3 booking fee plus 95 cents for each title in the US. And the structure of the internet is ideally suited to bargain hunters, who can surf traipsing from shop to shop.

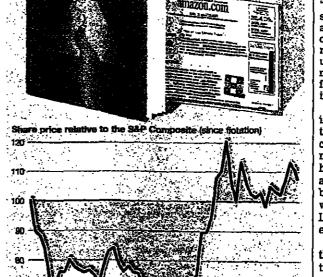
It only takes a few minates to discover that Calvin Tomkins' Duchamp is discounted by 30 per cent to \$24.50 on both Amazon and Barnes. But Amazon is selling Mason & Dixon, the new against Barnes' \$19.25. These discounts even

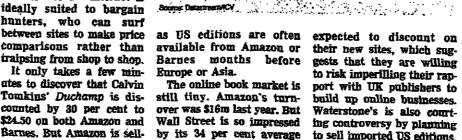
Europe or Asia. The online book market is

still tiny. Amazon's turnover was \$16m last year. But Wall Street is so impressed by its 34 per cent average monthly growth that Ama-Thomas Pynchon novel, for zon's share price has soared 40 per cent off at \$16.50, from \$18 when it went public in May to \$28.75. Its success has also

counter the higher postage prompted Waterstone's and charged to foreigners order. Dillons to abandon their tant with the requisite \$1.95 per title, particularly ambitions services. Both are part of it."

to risk imperilling their rapport with UK publishers to build up online businesses. Waterstone's is also courting controversy by planning to sell imported US editions, before publication in the





"We've been watching the US sites very carefully." says Mr Alan Giles, managing director of Waterstone's. "They've proved that there ing from the US sties, typi- existing, experimental inter- is a market for selling books cally a \$4 booking fee and net sites, in favour of more online, and we've got to be

COMMODITIES AND AGRICULTURE

Aluminium ends with fresh rally

MARKETS REPORT

By Susanna Voyle

A turbulent week on the London Metal Exchange ended yesterday with a fresh rally for aluminium - with the price of the metal for three-month delivery hitting a 21-month high of \$1,740 a tonne.

Meanwhile, a threatened labour dispute in South Africa helped lift the price of platinum and palladium, and silver consolidated gains made on Thursday after upbeat US economic data. At the LME, traders said

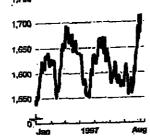
the aluminium rally was fuelled by investment-fund buying and tight backwardation - when the price for immediate delivery rises above the forward price. The metal ended the day at \$1,739 \$7,485 a tonne on news of a a tonne, a gain of \$38 from strike at big Canadian prothe close of "kerb" trading ducer Falconbridge. on Thursday.

Analysts at GNI Research market nervous, a shortfall was still likely in the future. "By mid-1998 it would be

apparent that a capacity squeeze was brewing for stockpiling would probably be seen, driving prices prices seem to be a it had been fixed at its highlong-term bargain."

zinc, which staged a sharp rally to a seven-year high of \$433.50 in the afternoon. \$1,674 a tonne on Monday. followed by a \$304 a tonne was "fixed" at 447.4 cents a one-hour fall on Tuesday - troy ounce - a rise of 4.15 dipped slightly to consoli- cents, more than holding its date. Nickel rose \$55 to sharp gains on Thursday.

LME 3-month metal (\$ per torme) 1,750



n		
Jao	1997	Aug
Source: Datestroum	NCV _	
LME wareh	ouse st	ocks
	Tonnes	Change
Akaminkan	<i>6</i> 27,750	-375
Aluminium alloy	55,080	-80
Copper	234,950	+7,150
Lead	173,316	-25
Nickel	54,156	+114
Zinc .	395,900	+5,100
Tin .	11,295	-15
	*Thus	aciay's close

The already tight platinum

and palladium market was said that while talk of capac- boosted by the threat of a ity restarts had made the strike over annual wage negotiations at Impala Platinum Holdings. The National Union of Mineworkers said the strike was "on hold" pending a conciliation meeting due next week. At Friday afternoon's Lon-

don "fix" palladium was Sont 16351 3 mits 1,6222 6 mits 1,6219 9 mits 1,6137 sharply higher - probably priced at \$223.50 a troy surpassing \$2,500 a tonne. ounce, up \$15.80 from the Restarts or not, current previous day. In the morning est level since June 9 at Elsewhere on the LME \$224.50, a rise of \$18. Platinum firmed by \$5.50 to

On Friday afternoon silver

WEEKLY PRICE CHANGES

	Latest	Change	Year	19	97
	prices	on week	ago	High	Low
Gold per troy oz.	\$324.05	-1.65	\$386.45	\$369.85	\$319.15
Silver per troy oz	272.50p	+10.50	328.30p	330,10p	253.30p
Aluminium 99.7% (cash)	\$1740.5	+74	\$1481.5	\$1740.5	\$1419.5
Copper Grade A (cash)	\$2340.5	-26	\$2102.5	\$2704	\$2317.5
Lead (cash)	\$626.5	-7.5	\$799.5	\$725.5	\$604.5
Nickel (cash)	\$7402.5	+447.5	\$6876	\$8220	\$8495
Zinc SHG (cash)	\$1550.5	-113.5	\$1010	\$1763.5	\$1044
Tin (cash)	\$5610	+300	\$8090.0	\$6050	\$5375
Cocoa Futures Sep	£101B	+39	2980	£1131	Ω847
Coffee Futures Sep	\$1618	+35	\$1545	\$2470	\$1232
Sugar (LDP Rew)	\$285.40	+3.50	\$313.70	\$311.00	\$265.50
Barley Futures Sep	£77.25	+0.25	£103.25	296.50	276.00
Wheat Futures Seo	282.00	+2.25	£110.75	£102.20	£75.50
Cotton Outlook A Index	81.55c	-0.40	77.20c	82.25c	78.15c
Wool (64s Super)	419p	-4	420p	448p	387p
Oil (Brent Blenct)	\$1B.92x	+0.18	S19.54	\$24.95	\$16.95

BASE METALS

LONDON METAL EXCHANGE M ALUMINUM, 99.7 PURITY (\$ per tonne) 1740-41 1702-3 1738,5-37 1699-700 1740/1710

ČI BION		11-011710
M Official	1710-12	1710-10.5
erb close		1738-39
pen Int.	290.243	
otal delily turnover	98,850	
ALUMINIUM AL	LOY (\$ per to	nne)
lose	1515-20	1540-45
revious	1490-500	1515-25
alviow		1545/1522
M Official	1500-505	1525-30
arb close		1535-45
pen int.	5,688	
stal daily turnover	1,510	
LEAD (\$ per tons	ne)	
lase	625-7	638.5 -9
nevious	622-23	635-35.5
igt/low	627	640/635
M Official	627-27.5	638-38.5
arb close		637-8

Open Int. Total daily turnover	36,378 10,875	
MINICKEL (\$ per to	ynne)	
Close	7400-05	7485-90
Previous	7320-30	7410-20
High/low		7500/7450
AM Official	7340-50	7485-70
Kerb close		7490-95
Open Int.	51,514	
Total delly turnover	17.489	
TEN (S per tonna)		
Close	5605-15	5640-50
Previous	5475 -8 5	5520-30
High/low		5650/5550
ABA Official	4545_45	5500-95

Close	5605-15	5640-50
Previous	5475 -8 5	5520-30
High/low		5650/5550
AM Official	5545-55	5590-95
Kerb close		5840-41
Open int.	15,609	
Total daily tumover	8,208	
ZING, special h	igh grade (S)	per tonne)
Close	1549-52	1465-66
Previous	1515-25	1455-80
High/low	1558/1555	1490/1455
AM Official	1558-59	1450-62
Kerb clase		1463-54
Open Int.	99,377	
Total daily turnover	40,615	
	_	_

COPPER, grade A (\$ per tonne) 2339-42 2320-21 2338/2297 2312-13 2353.5-58.5 2309.5-10 III LME AM Official E/S rate: 1,6385

	Sett price	Day's change	: High	Low	Vol	Open
Azeg Sep Oct Nov Dec Jam Total	107.25 106.25 105.75 105.15	-1.65 -1.65 -1.25 -1.75 -1.05	108.60 106.20 105.80 105.30	105.80 106.20 105.10 103.60	130 32 732 1	3,084 20,621 1,874 1,333 7,512 642 42,423

5	PRECIOUS METALS
	LONDON BULLION MARKET
	(Prices supplied by N M Rothschild)

Gold(Troy oz)	\$ price	£ equiv	SFr equiv
Close	323.80-324.30		
Opening	324,80-325.10		
Morning fix	325.30	198.23	492.67
Afternoon fix	324,10	198.19	493,77
Day's High	325.55-325.65		
Day's Low	323.50-323.60		
Previous close	325.10-325.60		
Loco Ldn Me	an Gold Lend	ling Rate	a (Vs USS)
1 month			
2 months			
3 months	3.91		
Silver Fix	o√troy o	c US	cts equiv.
Spot	273.05	, 4	147.40
3 months	277.15	. 4	152.50
6 months	281.50	1 4	157.80
1 year	290.50		468.95
A-14 A-1	•	_	

Precious Metals continued ■ GOLD COMEX (100 Troy cz.; S/roy cz.)

GRAINS AND OIL SEEDS # WHEAT LIFFE (100 tacnes; 5 per some) III COCOA LIFFE (10 tornes; Externe) +3 1022 1002 555 22,621 +2 1053 1035 1,489 43,636 +3 1075 1058 177 49,537 +3 1052 1071 133 21,619 +3 1104 1081 216 7,384 +0.6 328.0 323.3 4,371 3,561 +0.3 325.0 325.0 2 4 +0.3 328.0 325.3 972 14,850 325.8 +0.3 328.0 325.3 972 10.025. 328.9 +0.3 330.1 327.3 30.181 100.25. 331.2 +0.4 331.6 330.8 10 12.042 331.2 +0.4 331.6 330.8 1 5.177 86.30 -0.70 88.55 85.55 83.30 -0.70 88.50 88.10 1122 361 14547 WHEAT CST (5,000bu máx: cents/500 bustel) E PLATINUM NYMEX (50 Troy oz.; \$/trcy oz.) 361.50 -0.50 363.50 352.00 9.271 40.984 376.50 - 378.00 372.00 14.519 44.442 387.75 +1.75 388.00 382.00 2.340 11.770 388.50 +4.50 389.00 383.00 35 1.265 380.00 +2.00 380.00 375.00 194 4.545 385.00 - 1 1 Sep Dec Mar 438.5 +13.0 439.0 428.0 3,409 12,572 427.5 +15.0 426.0 416.0 272 2.534 418.5 +17.0 416.0 408.0 59 341 1598 1618 418.5 +17.0 416.0 408.0 3,740 15,447 E PALLADIUM NYMEX (100 Troy oz.: \$/troy oz.) Sep Total 208.50 +8.00 206.60 208.60 720 4,328 198.50 +8.00 198.60 198.60 66 1,095 192.50 +8.00 192.60 192.60 5 143 26,350 103,008 E COCOA (CCO) (SDR's/tome) MAIZE CET (5,000 bu mint; carts/56th bushe) 258.50 +1.00 270.00 253.50 23.248 59.704 259.00 +1.25 259.50 256.25 88,073 150.53 276.75 +1.00 277.00 273.50 9,587 30.136 261.00 +0.75 281.25 278.25 2,322 8,542 1205.31 COFFEE LIFFE (5 tormes; \$/torne) 284.00 +1.75 284.25 281.25 1,676 11,018 267.75 +1.25 299.50 266.25 3 1,354 105,853 265,840 BARLEY LIFFE (100 tonnes; £ per tonne) litary Jisal Total 77.25 -0.50 77.50 77.25 11 79.40 -0.85 79.90 79.50 81.40 -0.85 81.75 81.50 1,057 236 122 9 25,479 97,043 25 2 **ENERGY** 147.30 -0.70 148.50 147.00 141.25 -1.00 148.00 142.00 137.50 -1.05 139.40 138.40 W SOYABEANS OUT (5,000bu triat; contention booker) ■ CRUDE OIL NYMEX (1,000 berrels. \$/barrel) -6 773.00 758.00 12,158 13,938 123.50 -0.25 135.00 135.00 863.75 -1.25 688.09 679.00 5,910 17,014 73 15,988 19 5,314 E COFFEE (ICO) (US cents/pound)

						Hov	655.50	-25	660.50	651.00	48,680	73,73
	+0.03					. Amin	659.75	_	653.00	654.50	1,773	15,98
	+0.02					Mar	667.75					5.31
	+0.09					May	671.50					
	+0.02					Total					70,000	
	+0.03					_	YABEA	4 68	CST /2	n naan	•	-
20.17	+0.03	20,17	20,13		13,307							_
				16/4	R/E	Aug					7,220	
UDE O	AL IPE D	Vbате	a.			Sap					10,364	
			<u> </u>			Oct					3,381	
	Dey's				Орея	Disc					9,331	
price	change	High	سينا	¥a	ist.	وط			23,18			6,33
18.96	+0.02	18.96	18,63	9,432	95 ,988	Mar.	23.23	-0.24	23.48	23 .10	1,096	
18.98	+0.04	18.96	18.68	5,404	45,933	Total					37,350	94,14
	+0.02		18,60		12,821	■ S 0	YABEA	N ME	L CBT	(100 t	ons, S/	ion)
	-0.01				17,576	-			~~~	0F= C	- 000	
19.02	-0.05	19.02	18,39	248	14,355	Aug					6.688	
19.05	+0.02	19.05	18.94	88	6,019	Step	233.0				6,857	
				a/t	a/a	Det	220.7				2,100	
ATING	~# IM	CV 169 (no ne .	الد د مالد	R and 1	Dec	216.5				11.593	
AIMG	CHL AIR	C 121	W 03 j	253, 00	i ingeri	Jan	214.2		215.0			5,79
Lates	Day's				Open	No.	211.7	+26	2125	308.0		8,05
price	change	High	LOW	Yel	lust.	Total					24,781	
56.20	+0.01	56.50	55.55	28,249	43.583	III PO	TATOE		E (20 tz	2000	per t	orane)
	+0 06					Skery	62.0					
	-0.04					Mar		+20.0		_	_	
	-0.14					Apr			117.0	64 fi	355	1,13
	-0.04					May		+22.0	''''	220	330	1,10
+						100	:21.0	TELLU	_	_	_	

	58.15	-0.24	59.15	58.00	302 142	8,637 a/a	Jen Total	137.0	+22.0	-	-
GA	SOLF	¥ 5/100	ne)				3 FR	EGHT (BIFFEX	LIFFE	<i>(\$10/</i>)
		Day's change	- High	سريا	Yol	Open int	Ang Sep	1285 1365		1295 1380	1290 1360
eg ep		+2.25 +2.50					Oct Jan	1455 1465	-	1465	1461
i W	175.50	+2.50 +1.75	175.50	173,75	256	5,401	Total	Close			
K K Kai		+1.50 +1.75			261	12,329 7,897 82,586	ea PUL	PA	1290 ND 1	PAP	ER
_	IARRIT	049 p	F 11 1900	lance o			R PU	LPEX O	MLX (S	5; 24 a	ir dry 1

P L Hal	11.150 +0.075	11.1 50	11.150	- 5 49	775 4.778
_	TURAL GAS IN	WEX (10	0,000 ES		
	Latest Day's price change	High	Low	Yel	Open Int
P t	2.190 +0.013 2.185 +0.009	2.200	2170	8,494	23,366
C	2.313 +0.010 2.440 +0.005 2.470 +0.007	2455	2,430	1,720	16,102
	2.385 +0.005				

UNLEADED GASOLINE N/MEX (42,000 US gales; c/US gales;)	etai	2,470	+0.005 +0.007 +0.005	2475	2,470	1,469	17,010 11,018	
price change High Low Val Int pp 64.20 +1.40 64.45 62.40 28,735 38,083 et 58.70 +0.45 60.00 59,00 6,631 14,427 ov 58.00 +0.42 58.10 57.40 1,164 7,011 ec 57.35 +0.37 57.50 56.90 818 8,596 an 57.10 +0.05 57.40 488 7,089 es 57.20 162 1,832	UNI				galls.)			
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ec 57.35 +0.37 57.50 \$6.90 818 8,566 en 57.10 +0.05 57.40 \$6.90 498 7,099 en 57.20 162 1,832		59.70	+0.45	60.00	59.00	6,631	14,427	
an 57.10 +0.06 57.40 \$6.90 498 7,099 ab 57.20 – – 162 1,832	OY	58.00	+0.42	5B.10	57.40	1,164	7,011	
sh 57.20 162 1,832	BC	57.35	+0.37	57.50	\$6.90	818	8,566	
_		57.10	+0.05	57.40	\$6.90	498	7,099	
		57.2 0	-	-	-			

+4 1537 1515 3.676 23,223 +4 1582 1559 2,336 25,424 +3 1610 1597 650 24,749 +3 1633 1615 167 10,970 +5 1638 1638 5 1,390 1211.20 1630 1677 1,384 19,792 1610 -21 1620 1699 455 13,596 1565 -20 1590 1590 726 5,443 1557 -25 1590 1545 23 1,845 1640 -20 1540 1540 3 87 1535 -25 7530 1578 III COFFEE 'C' CSCE (37,500fbs, carts/lbs) 184.55 +0.45 187.00 188.25 4,277 10,387 162.30 -0.25 183.50 162.00 1,688 6,374 # WHITE SUGAR LIFFE (50 tonnes; \$/tonne) 327.3 -0.7 329.0 326.0 1,072 14,985 322.8 -0.6 324.5 321.3 366 5,707 323.6 -0.7 325.4 322.0 363 6,793 322.6 -0.7 325.4 322.0 357 6,787 323.6 -0.7 325.4 322.0 357 6,787 320.5 -0.8 322.5 320.8 55 1.458 318.0 -0.3 - - 917 310.8 -1.2 - - 1,823 6 4,175 SUGAR "11" CSCE (112,000lbs; cents/lbs) 11.55 -0.63 11.76 11.50 7,986 112.9k 11.84 -0.04 11.94 11.72 5,936 55,877 11.80 -0.02 11.87 11.70 828 12,657 11.59 -0.02 11.75 11.50 508 7,088 11.51 -0.02 11.55 11.53 118 2,946 11.52 -0.05 11.57 11.52 1 886 75.18 +0.21 75.25 74.60 1,468.11,724 75.12 +0.07 75.19 74.51 4,896 43,106 76.30 +0.05 76.30 75.75 998 10,861 76.90 +0.05 - 28 2,771 77.25 - 15 1,538 FREIGHT (BIFFE) LIFFE (\$10/Index point) 25 848 6 504 8 1,434 - 235 E ORANGE JUICE NYCE (15,000lbs; cents/lbs) 75.55 -0.30 78.20 75.50 2,854 16,725 77.50 -0.40 78.00 77.50 1,458 8,416 80.50 -0.30 80,70 80.45 293 3,703 83.45 -0.45 81.65 83.45 895 2,707 88.20 -0.45 88.65 88.65 382 707 88.90 -0.50 - 11 190 Sep Nov Jac Mar Mar Mar Jai

VOLUME DATA Open interest and Volume contracts traded on COME NYCE, CME, CSCE and it one day in arreem. Volume totals are for all traded m	EX, NYMEX, CBT, PE Crude Oil are a & Open Interest

One day	in ameers.	Volume & Ope ided months.	
INDICE	S		
■ Routers	(Base: 18	9/31 = 100) _	
Aug 1	Jul 31	mouth ago	year #99
1926.2	1924.5	1913.1	1924.8
CRB Fu	tures (Bas	e: 1967 = 100j	· · · · · · · · · · · · · · · · · · ·
Jts 31	Jul 30	month ago	year ago
242.75	241.79	_	•
GSCI S	oot (Base:	1970 = 100)	
J면 31	Jul 30	month ago	year ago
102.29	191.62	185.17	194.65

67 525 -0.300 58.900 67,478 5.953 20.057 70.525 -0.100 70.825 70.250 5.606 49.276 72.575 +0.075 72.625 72.275 2.861 20.607 73.550 +0.025 73.575 73.275 820 75.150 +0.050 75.250 74.925 501 71,825+0,050 72,050 71,875 122 2,816 82.175+0.250 82.450 81.450 3,028 75.575 +0.425 75.700 74,825 4,997 71,200 ~ 71,450 70,900 881 71.200 ~ 71.450 70.900 581 69.700 +0.025 69.750 69.200 179 64,725 -0.425 65.200 64.600 120 68.050 -0.500 69.150 68.850 47 77,850 +1.300 78,200 78,000 1,475 77,850 +1.300 77,650 76,350 20 77,175 +1.325 77,200 75,750 10

MEAT AND LIVESTOCK

M LIVE CATTLE CME (40,000th; certs/bs)

Sett Day's Price change High Lone Vol.

ALLIMINIUM	•			
(99.7%) LME	Sep	Nov	Sep	Nov
1700		102	38	70
1750		90.		. 95
1500	. 32	78	91	125
■ COPPER	_			
(Grade A) LME	Sep	Nov	Sep	
2300				95
2350		77	61	122
2400	. 40	59.	90 .	153
IN COFFEE LIFFE	Sep	Nov	Sep .	. Nov
1550		162		
1600		140	. 72	
1650		121	. 28 -	
COCCA LIFFE			Sec	
1000		85	19	
1025		81	31	54
1050	-	68	48 .	. 66
BRENT CRUDI		~~	e	~-
PE	Sep			Oct
1850	- 46	80	19	57
1900		30. 40	-	82
1950	. 12-	40	-	.=

Dubai	\$17.92-8.01w	
Brent Bland (dated)	\$19.19-9.31	
Brent Blend (Sep)	\$18.91-8.93	
W.T.L	\$20.20-0.22w	
OIL PRODUCTS N	WE prompt delivery	OF (IO
Premium Gasoline	\$221-223	+7
Ges Oit	\$172-174	+3
Heavy Fuel Oil	\$85-87	
Nachtha	\$189-192	+1
Jet fuel	\$187-189	+1 +3
Diesel	\$176-177	+3
E NATURAL GAS (P	ance/therm?	

Diesel E NATURAL GAS (Penc	\$176-177 a/therm)	+3
Bacton (Aug) Petroleum Argus. Tel. Londo	9.60-9.70 or (0171) 369 8	+0.10
Gold (per troy 02)₽	\$324.05	-2.30
Silver (per troy ozji	446.00c	+2.00
Platinum (per troy oz.)	\$433.00	-2.00
Palladium (per troy oz.)	\$227.50	+16.50
Copper :	114.0c	-6.0
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14,15	+0.05
Tin (New York)	259.5	
Cattle (live weight)	98.51p	-1.25
Sheep (live weight)	106.46p	-2.05
Pigs (live weight)†	B1.79p	-3.31
Lon. day sugar (raw)	\$285.40	+3.10
Lan. day sugar (wte)	\$344.80	+0.80
Barley (Eng. feed)	Ung	
Maize (US No3 Yellow)	2109.00	
Wheat (US Dark North)	. Una	
Rubber (Sep)♥	62,750	
Rubber (Oct)♥	62.75p	
Rubber (KL RSS No1)	250.5×	+1.00
Coconut Oil (Phil)S	560.0v	-12.5
Palm Oil (Maley.)§	482.5z	+15.0
Coors (Phil)§	\$385.0y	-5.0
Soyabeans (US)	207.0	-3.0
Cotton Outlook'A' Index	61.55c	-0.40
Wookops (64s Super)	419p	-4

Low - Est. vol. Open Int.

DAME 25055 34 / [

WORLD BOND PRICES

Inflation fears hit Treasuries

MARKETS REPORT By John Labate in New York and Greta Steyn in London

Concerns about inflation caused US Treasury prices to plunge yesterday morning after the release of new economic reports on employ-

note also fell by 1/4 at 100. yielding 5.858 per cent, and the 10-year note declined 11/4 index. at 103¼, yielding 6.167 per

In a surprise to many anastrength in the service secdid not rise.

The sharp sell-off in Treasuries was largely triggered by a National Association of Purchasing Management report. The NAPM revealed its main index of manufacturing activity surged to 58.6 in July, the highest since late 1994. Prices paid by manufacturers also rose, up 5.5 per cent from June and reflecting an increase in commodity prices paid by

cate that the manufacturing took its threat to introduce sector began the third quarter on a strong note," said seriously. Ms Marilyn Schaja, money market economist at Donaldson, Lufkin, & Jenrette.

"We've seen very little bottom picking as we've seen in BTPs and bunds widened to the past," said Mr John about 100 basis points. Mr "Rocket" Spinello, govern- Sanjay Joshi, head of bond ment securities strategist at research at Daiwa Europe, Merrill Lynch. That had kept said the gap had widened prices low throughout the substantially from its low of morning as investors await 82 points late last week. next week's Treasury auc- "People are feeling a little

fell sharply in sympathy from the start," he said.

with Treasuries as analysts began worrying that US inflation had not been vanquished. But as Europe had not mirrored the US market on the way up, the falls were

UK GILTS took their cue from the US, but outperformed. There was a marked ment and manufacturing narrowing in the gap activity.

narrowing in the gap between 10-year gilt and By early afternoon the bund vields from 154 basis benchmark 30-year Treasury points late on Thursday to bond price had lost 11 at 147 points. Sentiment Latest 1021/4, sending the yield up to towards gilts was buoyed by 6.43 per cent. The two-year an unexpected fall in the prices paid component of the UK's purchasing managers'

The September future settled at 114일, down 뜵. The market's focus this week lysts, the US unemployment will be on the monthly meetrate fell to 4.8 per cent in ing of the Bank of England's July and non-farm payrolls monetary policy committee on August 6 and 7.

GERMAN BUNDS fell tor. In spite of the tightness sharply, but the sell-off was in the labour market, wages not quite as fierce as that experienced in the US market. The spread between 10-year bunds and treasuries widened from 59 to 66 basis points. The September future settled below the key 102.50 level at 102.47, down 0.56 from its settlement on

Thursday. The debate about German monetary policy continued, with some market participants arguing that the Bundesbank was only sabre rattling for the benefit of the "The data, overall, indi- embattled D-mark; others variable rate repos more

ITALIAN BTPs also had a bad day, with the September future falling from 137.03 to 136.45. The spread between less convinced that Italy will European bond markets be part of monetary union

ECU (French Govt)

US INTEREST RATES BOND FUTURES AND OPTIONS

Franc		NCH BOND	FUTUR	ES (MATIF	9 FF-500.0	00	
	Open	Sett price			LOW		Open int
Sep	130.86	130.20	-0.66	130.90	130.06	154,328	196.594
Dec	99.68	99.12	-0.60	99.58	99.06	2,212	8,535
Mar LONG	89.08 TERM PET	98.52 ENCH BOI	-0.60 OPTN	80.22 TAM) 2NC	99.08 TF)	2	-
Strike		CAL	LS			PUTS	
Price	Au	g Se	P	Dec	Aug	Sep	Dec
127	3.2	4 -		-	0.04	-	-
128	2.2	9 -		-	0.10	-	-
129	1,4			-	0.25	-	-
130	0.7			-	0.54	-	-
131	0.2	9-		-	1.09	-	-
Fet with	el Calle in G	00 Pales 18:37	S. Process	devis seen	w ^= 77	SAS Date of	5 D12

■ NOTIONAL GERMAN BURD FUTURES (LIFFE)* DM250,000 100ths of 100% Open Sett price Change High 103.14 102.47 -0.56 103.18 102.18 101.85 -0.53 102.23 102.24 229774 271120 101.60 2211 12690 ■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100% 0.64 0.44 0.29 0.48 0.26 0.80

II NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100% Open Sett price Change 136.96 136.45 -0.58 137.30 109.06 108.46 -0.60 109.06 III TALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lin200m 100ths of 100% 27.98 27.46

> M NOTIONAL SPANISH BOND FUTURES (MEFF) Open Sett price Change Low Est. vol. Open int. Hìgh 117.67 117.21 -0.48 - 101.22 -0.33

117.82

	Open	Sett price	Chang	e H	igh	FOM	Est vol	Open In
Sep	115-16	114-29	-0-17	115	-25 1	14-13	102859	184449
Dec	114-18	114-17	-0-16	114	I-20 1	14-18	363	8820
E LONG	GRLT FUT	URES OF	TIONS (L	JFFE) S	250,000	64ths of	100%_	
Strike		CA	US				PUTS	
Price	Sep	Oct	Nov	Dec	Sep	Oct	Nov	Dec
114	1-14	1-27	1-44	1-60	0-20	0-57	1-10	1-26
115	0-40	0-58	1-12	1-31	0-46	1-24	1-42	1-61
116	0-16	0-34	0-51	1-09	1-22	2-00	2-17	2-39
Est. vol. 1	total Calls 56	87 Puss 950	2. Previous	dev's	open int.	Calls 42	489 Puts 3	7324

97.82 97.20 2.021 7.719

peoper improved gradually in the wee without causing selling pressure. Trader

FUTURES DATA

E PULPEX OMLX (\$6; 24 air dry tons)

542.00 -3.00 542.00 542.00

- 550.00 557.00

-0-05 -0-06

Şep	116-24	116-19	-0-05	116-31	116-05	572,124	
Dec	118-13	11 6-0 7	-0-06	116-20	115-28	8,018	42,71
Mar	116-07	115-24	-0-11	116-07	115-22	7,373	26,41
						•	
					•		
					•		
_						•	
Japan	ı				•	•	
	_	S TERM .	IAPANERE	GOVT. E	IOND FU	Tures	
NOTIC	MAL LONG			GOVT. E	IOND FU	TURES	
NOTIC	YIOOTI 10	Othe of 1	00%				Open
■ NOTIC (LIFFE	ONAL LONG Y100m 10 Open			High	Low	Est. voi	
NOTIC (LIFFE	ONAL LONG Y100m 10 Open 126.70	Othe of 1	00%	High 126.79	Low 126.56	Est. voi 3478	n/a
LIFFE Sep Dec	Open 126.70 128.10	Close	Change	High 126.79 126.14	Low 126.56 126.03	Est. vol 3478 322	
LIFFE Sep Dec	ONAL LONG Y100m 10 Open 126.70	Close	Change	High 126.79 126.14	Low 126.56 126.03	Est. vol 3478 322	n/a

■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

High

FTSE A		Fri	Govt. Day's change %	Thu	Accrued	xotadi ytd		Index	x-linked	Fri Aug 1	Day's changa 9		Accrued	Indices
1 Up to 5 years 2 5-15 years 3 Over 15 ye 4 Irredeemab 5 All stocks	(20) 1853 (6) 1863 (5)	119.65 152.83 163.74 214.09 147.59	-0.03 -0.30 -0.54 -0.72 -0.26	119.88 153.29 184.74 215.65 147.98	2.35 2.47 6.60 2.53 3.20	8.38 7.01 5.80 8.36 6.70	-	7 Q	p to 5 years ver 5 years (I stucks (12)	10) 200.56	-0.02 -0.10 -0.09	206.20 200.7 200.20	7 1,28	3.05 3.95 3.85
Yields .	Aug 1		Tr 890	n yleiti High	Low	Aug 1		dium co Yr ago	upan yield ~ High	Low	Aug 1	Jul 31 Y	gh coupen yield 'r ago High:	Low ·
5 yrs 15 yrs 20 yrs irred.† Index-listed	7.04 7.01 7.01 7.05	6.99 6.95 6.95 6.99	8.08 6.18	7.48 1/4 8.19 30/4 8.26 30/4 8.30 30/4	6.78 18/2 6.89 30/7 6.89 30/7 6.97 30/7	7.12 7.02 6.97	7.07 6.96 6.91	8.16	7.53 1/4 8.20 30/4 8.25 30/4 rate 10% ~	6.84 18/2 6.91 30/7 6.85 25/7	7.17 7.15 7.12	7.12 7.07 7.06	7.39 7.51 30/ 8.16 8.29 30/ 8.24 8.33 30/	7.02 30/7
Up to 5 yrs over 5 yrs	3.69 3.55	3.66 3.53	256	3.69 15/7 3.72 19/8	2.94 13/2 3.34 14/2	3.02 3.34	2.99 3.33	0.98	3.02 1/8 3.50 19/6	2.18 13/2 3.12 14/2				·
Average gross Base values: FT Fixed	UK Gilt	s Indices	91/12/75 	own above = 100.00 a	. Coupon Bar ind Index-Link	nds: Low and 30/4/	: 0%-7% B2 = 100).00. ° 1	987 highs a	04,%; High: 1 and lows. Dat Activity In	a tor 31/7	over † Fi 1/97 can t	at yield, ytd Ye be found on pa	er to date. Je 23.
			131 Jul 3	0 <u>wise</u>	Jul 28 Yr ago	High	Low			• .		ul 30	Jul 29 Jul 2	8 Jul 25
Govt. Secs. (U Fixed interest O FTSE interest high since com Gift Edged volk	stioned Ltd påletion: 1	128.3 12 1 1987. AB 33.87 (21/	01/94), kow (8 126.14 rved. * for 16 50.53 (03/01/7	97.49 188.27 126.27 93.07 97. Government 75, Basis, 100: G	Securities	93.31 115.32 Mgt atra Securities	5-day as comoli	Siged berg r average later: 127.49 B and Fixed in	(09/01/35), ine	NA NA 49.18 (USA activity ind	NA NA 21/75j. Fize Ices rebese	NA NA NA NA d frenet d 1974	

O FTSE international L high since complisions Git flaged volume del UK GILTS	133.87 br will b	(21/01 e was	794), İon	y 50.53	103/01	/75). E	kasis 100: Government	high gin Securitie	os con s 15/10	oplation 1/26 and	: 127,4 Pated	17 (09/ Interes	01/35), et 1926	, low 49.16 (IS/OT/75). Pissed Interest B. SE activity Indices rebased 1974.
ites		eki	Price 8	+17'-	15 High	997 1987	Hote		feid Pied	Price 2		19 High	987 LOW	
Sharter* (Lines up to Flow Trains Day Type: 1997/14 Trains 3-Lype: 1997/14 Trains 3-Lype: 1997/14 Each 15pe: 1997 Each 15pe: 1999 Imas 7-Lype: 1999 Imas 8-Lype: 1999 Imas 8-L	7.00 8.74 14.84 7.24 14.21 11.34 8.25 8.12 8.25 8.12 8.25 11.26 11.26 11.26 11.27 11.27 11.27 11.28 11.26 11.26 11.26 11.26 11.27 11	- 6.80 6.51 6.97 7.06 7.14 7.14 7.10 7.09 7.10 7.10 7.10 7.10 7.10 7.10	100 & 100 &	******	100월 105월 106월 108월 108월 108월 118월 108월 118월 108월 118월 11	100人员人人的人的人的人员人的人的人员人们的人员人们的人人的人们的人人的人们的人们的人们的人们的人们的人们的人们的人们们的人们	Treat 6 June 2004 Cour 9 June 2005 Cour 9 June 2005 Cour 9 June 2006 Cour 9 June	8.38 8.33 8.70 7.81 7.23 7.43 7.75 9.76 9.77 9.78 7.73	5.05 7.05 7.05 7.01 7.01 7.00 7.00 7.00 7.00 7.00 7.00	664 1132 1132 1132 1133 1135 1135 1136 1136 1136 115 115 1174 1174	성는 보고 보고 있다. 그 보고 있다면 보고 보고 있다.	87点 114号 96点 122号 121号 103号 103号 1074 104点 111点 102号 111点 103号 118号 118号 118号 118号 118号 118号 118号	82號 109号 110號 117長 124號 119號 155號 105號 105號 105號 105號 105號 105號 105	4 let 184 125 28 168 144 145 144 145 1
Core 91/grc 2001	8.80 8.95 7.03 11.25 8.00 7.01	7.12 7.11 7.08 7.13 7.10 7.05	10733 10855:d 28% 108% 108% 7771/ 2943	- 1	108 <u>2</u> 110 <u>13</u> 101 <u>4</u> 108 <u>3</u> 1125 1013	1885 982 1865 1883 973	Great Flores Tenes Tress Spc 201241 Tress Spc 2019-1241 Tress Spc 2019-1241 Tress Spc 2019-1541 Tress Spc 2019-1541 Tress Spc 2019-1541 Tress Spc 2019-174 Tress Spc 2019-174 Tress Spc 2019-174 Tress Spc 2019-174	7,52 6.24 7.51 7.29 7.27 7.37 8.11 7.11	7.03 6.77 7.03 6.95 6.99 8.96 8.91	11844 1094 1084 1108 1108 148 1179	サイツ中央	118条 88点 110点 107至 711至 120点 148点 113%	100年 100年 100年 100年 100年 100年 100日 100日	Marie Res Print Comment of the Comme
Ren to Fifthen Years Corp 91-pc 2002	8.68 8.79 8.34 8.70 7.67 11.72 8.76 10.13	7.10 7.15 7.17 7.09 7.09 7.10 7.13 7.16	105% 1168 1075 112% 117% 1150 1150 1150	44,44	11083 1223 1004 1134 10513 11933 11853 11653	1024 1174 1174	Outstand Committe 40: What Long 3-bare 1 Comm 3-bare 1 Trans 3pt 165 Att Committe 2-pt	727 539 524 737 7.06	-	200 mm 20	を存在され	55% 50% 57% 41% 88%	46 46 46 46 46 46 47 47 47 47 47 47 47 47 47 47 47 47 47	Agin Daw Units 2009

67,952 257

117.02

82,618 579

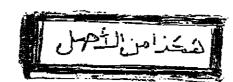
4.75 3.00 6.75 6.27 2.90

2.50 2.50 6.29

2.50 1.00 5.00

7.75

One year



Dollar gains

MARKETS REPORT

2/AUGUST 3 1997

ND LIVESTOCK

IFE CIVE (50' 320'02' COLUMN

SE CIME (45) SUPDS COMME

LES CAE IN COOK OFFISIO

#1.50% 65 750 87 502 1.657 128 #1.500 75.500 77 500 1.677 128 #1.500 77.650 77.550 27.50 #1.500 75.500 77.500 16 #1.505 75.500 77.500 16

4 TRADED OPTION

Ser to Se to

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N SPOT MARKETS

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CRUDE

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L FOS 12-1 22-4-

#FFE Sat 140 5

strength of the US economy.

But the dollar briefly stumbled after an unexpected jump in the price Aug 1 component of the National Association of Purchasing Management's manufactur in ing report for July. The price index rose to 53.6 from 48.1. pfennigs up on the day. This rare sign of American inflationary pressures bit US bonds and stocks. Mr Chris Tinker, chief treasury economist at Standard Chartered in London, said: "I wouldn't 6 per cent, compared with get too carried away with one month's NAPM."

(PS)

1120.8

10.2471 3.0394 473.772

1.1284 2967.88 62,7675 3.4239 12.5764 307.306 256.518

1,7730 2,2805 12,8030

CROSS RATES AND DERIVATIVES

100 18.45 54.19 10 61.25 11.30 20.85 3.81 55.63 10.27 2.115 0.390 18.33 3.383 49.91 9.240 20.43 3.789 24.47 4.515 47.84 8.523 25.22 4.654 82.77 11.54 82.77 5.124 38.34 7.078 32.48 5.994

E D-MARK FUTURES (MM) DM 125,000 per DM

E SWISS FRANC FUTURES (IMM) SF: 125,000 per SF:

UK INTEREST RATES LONDON MONEY RATES

16,33 8,847 10 3,371 9,082 0,345 2,993 8,148 3,395 7,811 4,117 10,25 4,533 8,285 5,392 8,686

Latest Change High Low Est vol Open int."

0.5453 0.5399 -0.0051 0.5457 0.5399 17,388 122,093" Sep 0.5448 0.5433 -0.0049 0.5449 0.5453 88 3,225 Dec - 0.5478 -0.0035 - 0.5478 2 545 Mar

 0.8648
 0.8608
 -0.0018
 0.8648
 0.8585
 12,544
 58,822
 Sep

 0.6635
 0.6676
 -0.0042
 0.6885
 0.6660
 240
 2,180
 Dec

 0.6740
 -0.0035
 0.6740
 2
 967
 Mar

Over 7 days One Three Six One night notice month months months year

Interbank Starling: 7 - 6¹4 - 6¹8 - 6¹9 - 7 - 6¹1 7¹2 - 7¹3 - 7¹3 - 7¹4 - 7¹4 - 7¹4 - 7¹5 - 7¹

UK clearing bank base lending sats 6% per cent from Jul 10, 1997

Up to 1 1-3 3-6 6-9 9-12

Inomia months months months months

Certs of Tax dep. (£100,000)

2½

5½

5½

5½

55

4½

Cons of Tax dep. under £100,000 is 2½cc. Deposite withdrawn for cash 1½cc. Ave. tender rate of decount on Aug 1, 5.7845pc, ECO fixed rate Sag. Export Finance. Make up day Jul 31, 1887. Agreed rate for paded Aug 28, 1997 to Sap 23, 1997. Scheme it 8.27pc. Reference rate for pared Jul 1, 1897 to Jul 31, 1897, Scheme it 8.27pc. Reference rate for pared Jul 1, 1897 to Jul 31, 1897, Schemes IV & V 7.035pc. Finance House Base Rate 7pc from Aug 1, 1897

EXCHANGE CROSS RATES

Aug 1

Austrie Belgium Denmari France France

France Germany Greece Ireland Italy Luxernbourg Netherlands Norway Portugal Speciari Swedeni Swedeni Swedeni Swedeni

Merco USA Pacific/

Australia
Hong Kong
India
Israel
Japan
Malaysia
New Zesland
Philippines
Saudi Arabia
Senosnore

South Korea Talwan Thailand

Belgium Dermark Franc Germany Ireland Italy Netherlands Norway Portugal Scain Switzerland Ilk

POUND SPOT FORWARD AGAINST THE POUND

1:5397 +0.0149 388 - 405

-0.001 357 - 867

-0.0004 723 - 736 -0.0028 594 - 616 -0.0162 909 - 151 -0.0005 365 - 375

-0.0033 704 - 798 40.1213 376 - 061 -0.0008 806 - 018

The NAPM activity index was stronger than expected. By Simon Kuper the lost ground, after traders

The dollar surged against reflected that the risk of the D-Mark yesterday after inflation could prompt US new figures confirmed the interest rate rises. However, bond prices stayed down. Mr The dollar started firm Robert Lynch, currency and then jumped after US strategist at Parihas Capital non-farm payrolis data for Markets in New York, noted July emerged stronger than that the correlation between expected even allowing for the dollar and US asset seasonal distortions. Aver- prices was currently weak. age hourly earnings were. The dollar closed in London at DM1.857 to the D-Mark, 2

> -- Prev. close ---- Latest---Espek 1 priih 3 matr 1.6387 1.6348 1.6346 1.6167 1.6370 1.6351 1.6311 1.6136

The eurodollar contract prospects of a US rate rise. It now prices in rates of about today's level of 5.50 per cent. The pound rose on the dol-

1.6427

1.7792. 1.7689 2.2644. 2.2516 12.8515. 12.7736

4.842 1.798 4728 | 4728 | 2.624 0.974 | 2.562 | 2.986 1.101 2.986 | 1.001 2.986 | 1.00 0.102 0.038 | 100 0.888 0.330 | 366.8 2.417 0.897 2.360 | 0.989 0.367 985.8 | 1.85 0.440 | 1.157 2.317 0.860 | 2.262 | 0.453 | 1.92 2.3039 | 1.128 | 2.968 | 1.345 0.898 | 1313 1.857 0.688 | 1813 1.573 0.584 | 1.536 1.974 0.733 | 1628

2986 10.85 3.841 12.27 1.127 4.138 3.035 11.15 0.115 0.424 1 3.673 2.723 10 1.114 4.982 1.335 4.903 2.610 9.586 1.376 5.063 3.424 12.58 1.515 5.563 3.424 12.58 1.575 6.508 2.244 8.169

489.6 408.7 285.3 221.5 291.9 220.3 101.1 84.40 272.4 227.3 10.35 85.43 89.75 74.92 244.4 204.0 100. 83.47 119.8 100 234.2 195.5 103.1 307.3 256.5 195.9 113.5 195.7 159.0 132.7 199.6 186.6

11.33 12.80 4.316 11.63 0.442 3.632 10.43 4.269 5.114 0.5271 13.12 5.804 8.014 8.789 8.522

2.149 2.429 0.819 2.206 0.084 0.727 1.979 0.810 0.970 1.897 1 2.489 1.101 1.521 1.288 1.617

JAPANESE YEN FUTURES (IMM) Yen 12.5m per Yen 100

R STERLING FUTURES (IMM) 262,500 per E

92.71 92.68 92.56 92.51 92.55 92.51 92.60 92.57 92.67 92.63

92.71

0.863 0.976 0.329 0.836 0.036 0.292 0.795 0.396 0.402 1 0.442 0.617 0.517 0.550

 Open
 Latest
 Change
 High
 Low
 Est. vol
 Open vnl.

 0.8484
 0.8494
 +0.0013
 0.8501
 0.8443
 19,920
 77,212

 0.8580
 0.8592
 +0.0002
 0.8590
 0.8557
 131
 1,975

 0.8702
 2
 413

92,66 92,49 92,49 92,55

0.04 0.13 0.33

22675 43497 18914

· PUTS

Dec 0.15

0.22 0.36 0.54

 1.6370
 1.6300
 ~0.0072
 1.6400
 1.6300
 9.386

 1.6306
 1.6250
 ~0.0062
 1.6310
 1.6240
 118

 1.6190
 ~0.0062
 1.6180
 4

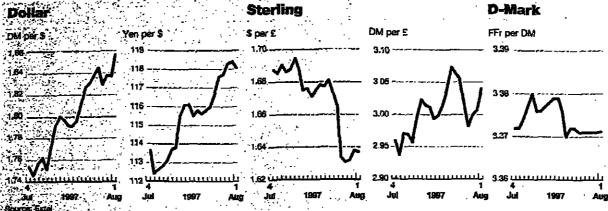
E THREE MONTH STERLING PUTURES (LIFFE) 2500,000 points of 100%

-0.04 -0.06 -0.06 -0.05 -0.05

Dec 0.18 0.06 0.01

1.952 2.206 0.744 2.003 0.056 0.560 1.797 0.736 0.881 1.723 0.908 2.261 1 1.381 1.170 1.468

1.413 1.588 0.539 1.451 0.055 0.478 1.302 0.533 0.638 1.248 0.858 1.637 0.724 1 0.847



CURRENCIES AND MONEY

against the D-Mark. Sterling is now just 2 pfennigs below its level of last Friday, having recovered most of the 7 pfennigs it lost on Monday and Tuesday. But it is 3 cents down against the dollar this week at \$1.637.

for June 1998 fell 12 basis The dollar, strong else-points to reflect the growing where, dropped against the yen. Again it failed to break the key Y119 level, and fell back to close Y0.3 down on the day at Y118.1. It was hit by talk that Japan's ministry

3.1 20.7143 3.5 60.4675 3.3 11.1959 3.4 8.7672 3.5 9.8816 3.7 2.9242 -3.7 486.547 0.7 1.1157 0.0 2965.33 3.5 60.4675 3.6 3.2969 3.0 12.2139 0.9 302.532 1.7 251.083 2.6 12.7771 5.4 2.3554

2.3554

1.4952 2.9

2.6 5.4 2.7

2.24 3.6 2.1891 3.2

1.5 1.6124

2.2 2.1631 0.2 12.6126

-4.1 60.8474 -3.9

6.3 181.226 6.2 -1.1 4.3485 -0.7 -1.1 2.5513 -0.3

-3.4 49.3077 -3.1 0.8 6.0913 0.8 24 2.3494 2.6 -9.4 8.2006 -8.1

-8.1 54.1551 -3.5

10.1571 3.0111 478.179

1.1265 2967 30 62,2175 3.3928 12.4829 306.62 255.453 13.0336 2.4556

1.631

59.1677

1,5424 1,5296 1,5364 2,8 1,5292

1.7689 - -2.2516 2.2538 3.6

1.6330 1.6351

2.2148 2.1977 2.2084 2.0 12,7201 12,6451 12,6741 0.1 58,7920 56,4560 58,7671 -4.0 5,8119 5,7900 -

lar's coattails to DM3.039 of finance had advised Japa- Robert Rubin, US treasury Poland's surging current nese investors against buy- secretary, expressed uncon- account deficit. The deficit, ing dollars above Y119. That ditional support for a strong together with the floods in fed belief that Tokyo and dollar, saying it helped con- the country, has hit the zloty maybe Washington want the tain inflation. The D-Mark fell nearly Y1 dollar to trade in a range of

> US carmakers again put the American Automobile rate by 2 percentage points Manufacturers Association, to 27 per cent, and its dissaid on Thursday that the trade in a range of Y95-Y105 bank said it was doing so

> > 13.0647 +0.1402 622 - 672 38.3430 +0.431 180 - 680 1 7.0757 +0.0772 747 - 767 3 5.5331 +0.0576 306 - 356 1 6.2597 +0.0672 582 - 612 1 1.8567 +0.0199 584 - 570 2 89.415 +2.535 340 - 480 1 1.4508 -0.0062 494 - 522 1 1813-00 +0.0241 911 920 1 7.6826 +0.0616 813 - 839 1 87.725 +2.125 700 - 750 1 56.700 +1.625 650 - 750 1 8.0744 +0.0515 119 - 169 1 1.5205 +0.0034 200 - 210 1 1.6370 -0.0005 365 - 375 1 1.6330 -0.0107 630 - 835 -0.73604

0.9995 -0.0003 995 - 995

1.0837 +0.0001 830 - 831 1.3809 -0.0013 806 - 811 7.8210 -0.0075 160 - 260

7.7429 +0.0004 424 - 434 35.7800 +0.085 700 - 900 3.5377 +0.0006 323 - 431

-0.945 020 - 090 +0.001 360 - 390 +0.0122 530 - 547

+0.225 500 - 000 - 505 - 506 +0.026 731 - 741 +0.023 320 - 350 -0.5 500 - 500 +0.0725 510 - 700

13,0970 12,9410 38,8050 37,9670 7,0028 7,0058 5,5544 5,4641 6,2747 6,2015 1,8515 1,8592 291,500 287,240 1,4580 17,9470 2,0972 2,0719 7,7290 7,6253 188,140 185,950 157,020 155,330 1,5350 1,5330 1,0710 1,0610

1.0833

7.7438 35.9150

3,5438

119.170 2.6395 1.5560

1.0830 1.3775 7.8150

3.5284

177.890 2.6260 1.5526

The SDR rate per \$ for Jul 31. Biddoffer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are majest by current rates are majest by current rates are majest by current rates are majest by current rates. VK, treisind \$ ECU are quoted in US currency. J.P. Morgan nominal indices Jul 31: Base average 1990-100.

The suchange rates printed in this base are also evaluated on the indicate and indicate a

0.798709 5.85424 1906.48 197.396 163.826 7.34555

2.16979 1.92573 13.5485 39.7191

NON ERM MEMBERS

1.660 1.670 1.680

Adam & Company

Bank of Cyprus Bank of Feland

Benk of India Bank of Scotland

Bardevs Bank

Coutts & Co

Brit Bk of Mid East OBJOHN Shipley & Colled 6.75 Citibank NA 6.75

The Co-operative Bank6.75

Allied Irish Bank (GB) 6.75

6.75 6.75

6.75 6.75

6.75 6.75

€ 75

6.75

Cyprus Popular Bank 6.75 Royal Bk of Scotland 6.75

46,656 842 201

1.3480 1.3507 7.7410 7.7434 35.7070 35.9175

117.54

2.642 1.5547

1.5580 1.5520 1.5547 -0.6 1.5571 30.1000 28.9000 - - - 3.7507 3.7504 3.7513 -0.2 3.7523 1.4755 1.4689 1.4719 1.4 1.4681 4.6430 4.6520 4.674 -10.5 4.7535 881,700 886,800 28.715 -0.5 28.7806 28.7900 28.5800 28.715 -0.5 28.7806

+0.09 300 - 000 32 1000 31.1600 32.41 -16.7 33.115 -14.4 34.345 -7.4

EMS EUROPEAN CURRENCY UNIT RATES

0.738427 5.91745 1933.78 200.360 167.224 7.55286 2.23229 1,98175 13,9451 40,9200

295.269 309.117 -0.132 0.793103 0.854109 -0.005995

PHILADELPHIA SE 1/S OPTIONS (31,250 (cents per pound)

BASE LENDING RATES

Leopold Joseph & Sons 6.75
 Lloyds Bank 6.75
 Midland Bank 8.75

NatiWestminster •Rea Brothers

Duncan Lawne 6.75 Scotters Windows Bank 6.75
Everter Bank Limited 7.75
Finencial & Gen Bank 7.50 Sentine 8 Wilmens Secs 6.75
PRobert Fleming & Co 6.75
Guinness Mahon 6.75 TS8 6.75

Habib Bank AG Zurich 6.75 United Bank of Nuwart. 6.75

Habb Bank AG Zumch 6.75

OHembros Bank 6.75

Unity Trust Bank Pt. 6.75

Whiteaway Laddaw 6.75

Hongkong & Shanghai 6.75

Unity Trust Bank Pt. 6.75

Investment Bank 6.75

Members of London

Investment Bankie.

Investment Banking Association

from only \$79 per month

0.84

Y110-Y120 to the yen.

Aug 1

Europe
Austria
Balgium
Denmark
Finland
France
Germany
Greece
Ireland
Italy
Luxembourg
Notherlands
Nonvsy
Portugal
Spern
Sweden
Switzerland
UK

Medico USA

Australia
Hong Kong
India
Israel
Japan
Malaysia
New Zealand
Philippines
Sauch Arabia
Singapore

(EKG) (EKG) (EFG) (DAG) (DG) (DG)

(SKr) (SFr) (S)

(PSS) (CSS)

(AS)

118.055

2.6375 1.5539

29.2250 3.7506 1.4736 4.6335

307.9 166.8 188.6 83.58 171.3 6.512 56.44 153.7 75.34 147.3 77.84 193.3 85.49 118.1 100

(HLS) (HLS) (Shk)
100.6 102.9 80.5 103.2 101.3 65.2 98.3 75.3 100.6 100.0 95.5 91.7 76.1 85.2

105.3 105.3

85.2

106.0

132.5

108.3

1.5

during the emerging curren-

12.7677 37 423 6.9333 5.4041 6.1155

1.8101

1.4495 1821.2

155.305 7.912 1,459

2.6 1,3515

112.24 2.681 1.5672

3,7569 1,4486

51 -7 -10 -10 -14 -19 -21 -29

Price

2.2 2.4 2.0 2.5 2.3

0.6 0.6 1.4 4.2 1.5 -1.7

-0.1 -4.7

5.1 -20 -0.8

-0.2 1.5

-7.55 1.08 1.43 1.50 2.07 2.82 2.88 2.91 2.93 3.02 3.43

PUTS

+0.07383 +0.292 +0.142 +0.01289 +0.00374 +0.00323 +0.00324 +0.0652

against the yen to Y63.58. pressure on Washington to seek a stronger yen. Mr Andrew Card, president of increased its key lombard senior currency economist at count rate by 2.5 percentage a position of strength, he Japanese currency should points to 24.5 per cent. The said, after the market's attack on the currency had against the dollar. But Mr mainly in order to cut largely blown itself out,

0.6 -1.2

23 24 23

0.3 0.3 1.4 4.2 1.4 -1.6

6.2481

1.8529

230.71 1.4501

1814.77

38.268 2.0874 7.6691 187.689 156.655

8.0053

1.5151 1.6351

1.0647

7.0397 5.498 6.2243 1.8451

292 765 1.4491 1817.78

38.1166 2.0739 7.6397

187.635 156.48 7.986 1.5045 1.631

8.1405 -16.3

-0.1 7.7443 -4.6 36.2025

-0.6

116.54 2.651 1.5571

1.4719 1.4 1.4681 1.5 1.4486 4.674 -10.5 4.7535 -10.4 5.058

3% 3% 3% 6% 6% 34 146 5% R S LIBOR FT London Interbank Fixing US Dollar CDs ECU Linked Ds SDR Linked Ds 5 LIBOR Invertient, fusing rates are othered rates for \$10m quoted to the market reference banks at 11am each working dev. The banks are: Bankers Trust, Bank of Missubshit, Bankship National Westmandor. Mid rates are shown for the domestic Money Rates, USS COs. ECU & SOR United Decision (De EURO CURRENCY INTEREST RATES

months 35g - 33g - Beiglan Franc Danish Krone German Mark Dutch Guilder French Franc 312 - 313 314 - 314 314 - 314 314 - 314 514 - 514 514 - 514 312 - 314 312 - 314 312 - 314 314 - 314 cies crisis of recent months. The National Bank said it Prench Franc
Portuguese Esc.
Spanish Pasera
Sterling
Swiss Franc
Canadian Dollar
US Dollar
Italian Lira
Japanese Yen
Asian \$Sing thought the rate rise, effec-UBS in London, agreed. Poland had raised rates from

WORLD INTEREST RATES

Three

out.		E MONTH	PIBOR FL	TURES (MAT#-)Pan	s Interbani	offered ra	te
out,	l -	Open	Sett price	Change	High	Low	Est. voi	Open int.
	l Sec.	96.51	96.47	-0.04	96.51	96.48	21,345	73,309
	Dec	96.40	96.37	-0.04	96.41	96.36	9.748	32.984
	Mar	96.32	96.28	-0.04	96.32	96.26	5.234	27,219
J.P Morgan	l							
*PA index	l							
	THERE	E MOKUH	EUROWA	RIK FUTU	RIES (LIFF	EL DWIL	i points of	100%
2.3 101.4	i	Open	Sett price	Change	High	Low	Est. voi	Open int.
2.4 101.1	Sep	96.69	96,66	-0.04	96.70	95.64	27050	272856
20 102.5	Dec	96.55	96.48	-0.06	96.55	96.47	55895	302255
2.3 80.2	Mar	96.42	96.36	-0.06	98.42	96.34	64964	259815
2.3 102.9	Jun	96.24	95,17	-0.07	96.24	95.15	47579	193341
25 101.3	E ONE	MONTH E	UROMARK	FUTURE	S (LIFFE)	DM3m p	omts of 10	I0 ⁴ 6
-3.6 64.9 0.1 -		Open	Sett price	Change	High	Low	Est. vol	Open int.
-0.5 75.3	Aug	96.80	95.80	-0.02	96.80	28.36	50	490
2.4 101.1	Sep	-	96.75	-0.02		-	õ	348
2 4 100.3	Oct	_	96.73	-0.02	-	_	Ď	265
2.0 94.9	Nov	_	96.71	-0.02		-	ō	60
0.7 92.5			EUROLER		ee n icte	1° I 1000~	naints of	100%
0.9 75.7	=							
1.3 84.6	J	Open	Sett price	Change	High	Low	Est, voi	Open int.
4.0 105.1	Sep	93.30	93.31	+0.01	93.33	93.28	14028	109125
1.5 104.3	Dec	93.65	93.66	+0.01	93.67	93.60	12104	29640
-1.9 -	Mar	93.95	93,97	-0.02	94.00	93 94	6972	53540
	Jus	94.24	94.20	-0.07	94,28	94.19	3998	41525
	THREE	MONTH EL	RO SWISS I	RANC FU	TURES (L)F	FE) SFr1m	points of 10	0%
	_	Open	Sett price	Change	High	Low	Est. vol	Open int.
2.1 85.0	Sep	98.45	98.46	+0.01	98.48	98.44	5233	58473
-15.7 -	Dec	98.30	98.31	+0.01	98.33	98.28	4197	45200
- 106.5	Mer	98.20	98.20	+0.02	98.21	98.19	672	20943
	Jun'i	98.04	98.05	+0.01	98.07	98.03	361	6965
0.8 95.8	IN THRE	E MONTH	EUROYEN	FUTUR	S (LIFFE)	Y100m p	aints of 10	0%
0.0 - 1 -4.6 - 1		Open	Sett price	Change	High	Low	Est. voi	Open int.
	Seo	-	99.37		•	-	D	n/a
4.9 132.6	Dec	-	99.31	+0.02		-	ŏ	n/a
-1.6 -	Mar	-	99.19	+0.02	-	-	ō	n/a
-0.9 -		E MONTH	ECU FUT	JRES (LIF	FE) Eculo	n points o	100%	
-02		Open	Sett price	 -	High	Low		Open int.
		•	•	-	-	-	_	-•
1.7 - -8.1	Sep	95.66	95.61	-0.06	95.66	95.60	1342	10637
: · ·)	Dec	95.62	95.5 9	-0.06	95.83	95 58	607	8807 5820
-0.4	Mar	95.58	95.57	-0.06	95.60	95.57	102	
-7.4 -	Jun	95.52	95.51	-0.06	95.54	95.50	52	3335
e not directly	- Cit-t- for	ures altro tra	Decion APT					
a in many i								

THREE MONTH PIBOR FUTURES (MATIF)Paris Interbank offered rate

	Obeu	∖ठाश्रद्धा	Change	High	Lon	Est. vol	Open int.
Sep	94,31	94,30	-0.01	94.32	94.28	66.025	523,254
Dec	94,22	94_20	-0.02	94,24	94.16	130,301	470,548
Mar	94,18	94.15	-0.02	94.20	94.12	129.898	321,494
US T	REASURY I	BILL FUT	URES (MA	() \$1m pe	r 100%		
Sep	94.96	94.94	_	94.96	94.93	789	6.964
Dec	94.84	94.88	-0.03	94.88	94.84	10	777

0.08

of Bets

Mar

Strike			CALLS -			P	יי פדעי
Price	Aug	Sep	Oct	Dec	Aug	Sep	Oct
9625	0.41	0.42	0.27	0.31	0	0.01	0.04
9650	0.18	0.19	0.10	0.14	0.02	0.03	0.12
9875	0.02	0.03	0.02	0.04	0.11	0.12	0.29
9700	0	0.01	0	T 0.0	0.34	0.35	0.52
9725	Ð	0	D	D	0.59	0 59	0.77
Strike	SWISS		CALLS .	(LIFFE)	SFr 1m1 p		100% UTS -
Price	5	ap.	Dec	Mar	Seg		Dec
9650	0.	09	0.11	0.15	0,13		.30
9875	0.	02	0.04	0 07	0,31	0	.48
					art. Calls		

	9350	0.04	0.31	0.62	0.23	0.15	0.15
	9375	0.01	0.17	0.45	0.45	0.26	0.23
_	Est vol. tota	i. Calls 3507 P.	ns 1201 Pre	mous day's o	open int. Calls	128104 P	uts 62885
	l						_
	- PHILAL	SELPHIA SE	D-MARK!	SOPTIONS	DM62,500 R	per DN	1)
	Strike		- CALLS -			PUTS	
	Strike Price	Aug	Sep -	Oct	Aug	PUTS Sep	Oct
		Ацд ().19		Oct. 0.73	Aug 0 81		Oct 1,22
	Price	-	Sep		-	Sep	
	Price 0.555	0.19	Sep 0.48	0.73	0.81	Sep 1.02	1.22

Маг

Sep

Dec

0.49

0.15

	U.560	0.08	0.33	U.33	1.21
	0.565	0.02	0.23	0.41	1.68
ı	Previous day	's vol., Calls 283	Puls 325 . P	rev. day's op	en Imt, C
	TOTHER	CURRENCIE	5		
ĺ	Aug 1	£	<u>\$</u>	— } FT	GUIDE
		636 - 56 <i>8</i> 802 3			FT Gu
ı	Hungary 304.	050 - 324 340 1			le can b

I OTHER CURRENCIES	(
Aug 1	8.070 table can be found on the Markets 00.00 page in Monday's edition. 00.00 00.00

	1000	

Union M/	ARGINED FOREIGN EXCHAN FUTURES & OPTIONS 24 HOURS http://www.unioncel.com Fax 0171 522 3317	649 3030
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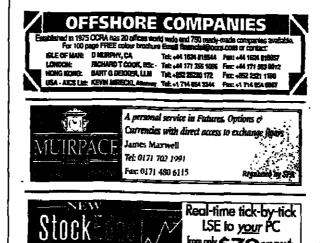
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Market-Eye Real-time equiliss, fatures, options from cath \$54 per month BATISTRE DIVICY Freefane 0800 321 321

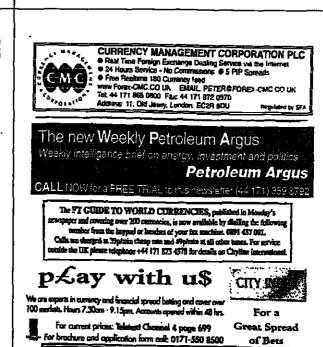
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UNIT TRUSTS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. 1 year (2) 3 5 10 Volatility York ■ Best Peps 1 year (C) 3 5 10 Volatility Years International UK Eq & Bd 1163 2622 4332 4724 6.5 ■ Indices 1164 2005 3371 Jupiter European Prolific Technology - 3.0 1.4 1243 1628 2519 **BWD Balanced Portfolio** 1070 2359 2846 5105 6.9 1111 1312 2094 2180 3.1 2.5 Save & Prosper Financial Secs 1962 3409 - 30 13-Framlington Health - 2.0 3.2 Average Unit Trust 1220 1579 2600 Percetual High Income 1369 1962 3409 3115 3.0 1.3 Alled Dunber European Growth 1277 1865, 3130 37 012 1168 1277 2264 2383 4.4 5.1 Save & Prosper Financial Secs 1139 1493 2342 - 24 4.3 Average Investment Trust Credit Suisse High Income Port 1119 1838 3188 4042 6.4 1288 1862 2546 35 05 1034 1112 1203 1829 0.0 4.9 Johnson Fry Slater Growth Henderson Global Technology 1200 1476 2062 1980 2.0 3.4 1238 1810 3032 4313 4.7 0.7 1854 2929 Cantife Income Dis 1281 1031 1111 1210 1835 0.0 4.7 Friends Prov European Gth Scot Equitable Technology - 1.7 2.7 **Building Society** 1103 1428 28.28 Henry Cooke Balanced 1156 1323 2209 2235 3.2 1.0 1391 2124 1646 2372 2699 2.5 3.4 AVERAGE UT PEP 1137 SECTOR AVERAGE Stockmarket: FTSE All-Share 1301 1159 1407 2118 2017 2.3 3.0 SECTOR AVERAGE 1088 1131 1546 0.4 1029 1. year (£) 3 5 Property Nth America 10 Volatility Yld% ■ UK Fixed Interest 1 year (Σ) 3 5 1204 1208 2458 30 19 UK Growth 1157 2581 3796 6272 5.2 -Aberdeen Property Share Hill Samuel US Smaller Co's 1177 1395 - 1.8 6.8 - 0.9 5.5 1288 1862 2546 - 3.5 0.9 M&G Corporate Bond 1376 2425 4113 4640 4.3 0.1 1057 1133 1317 Barclays Uni Property Johnson Fry Slater Growth PM North America Growth 1107 1355 2169 2486 1.5 8.5 - 2.9 1.9 Aberdeen Fixed Interest 1076 1094 1510 - 11 58 1091 1803 2911 1303 2143 3582 3645 3.4 0.6 Norwich Property Jupiter UK Growth Edinburgh North American 1098 1344 1709 2280 1.8 8.3 1758 3086 - 25 26 1305 2141 3146 3706 4.7 SECTOR AVERAGE Thornton Preference Inc. 1094 1144 1782 - 1.7 4.6 Pemetual UK Exempt Fidelity American Spec Sits 1240 1665 2740 1811 2.8 2.0 Henderson Preference & Bond 1121 1326 1610 1893 1.4 8.0 Barclays Uni Special Sits 1119 2119 4236 5057 Gartmore American Erner Gth Britannia Gilt & Fixed Int Inc - 1,6 7.8 1088 1311 1386 1258 1646 2335 2112 2.8 Britannia Balanced Growth Inc 1264 1760 2722 3114 3.9 0.5 SECTOR AVERAGE 1084 1256 1531 1972 1.7 6.7 1146 1431 2114 1895 2.7 1.8 SECTOR AVERAGE SECTOR AVERAGE Commodity & Energy Europe ■ UK Gilt M&G Australasian & General Acc 1190 1360 2436 1382 4.7 1.8 ■ UK Growth & Income 1164 2005 3371 4760 3.1 0.2 1158 1366 1476 2027 1.9 6.2 Jupiter European 1328 1673 2461 2223 2.7 3.7 M&G Gift & Fixed Interest Fleming Select UK Income M&G Commodity & General 979 1132 2151 1644 4.6 0.6 1182 1370 3123 2855 3.5 0.8 Baring Europe Select - **1.7** 7.0 1132 1317 1484 1229 1661 2687 2523 2.4 2.8 Gartmore PS Fixed Interest Perpetual Income Save & Prosper Commodity 906 978 1835 1494 5.7 --1277 1865 3130 2919 3.7 0.1 Allied Dunbar European Growth - 1.4 6.8 Murray Acumen Reserve 1100 1292 1463 879 955 1575 1229 47 0.6 1359 1628 Hill Samuel Natural Resources HSBC Footsie Fund 1281 1854 2929 - 2.6 Friends Prov European Gth - 2.1 5.7 Legal & General UK Stockmkt Ac 1356 1621 Mercury Long-Dated Bond - 27 1.4 1135 1280 Allied Dunbar Metals Min Comm 903 937 1337 1120 3365 3110 3.6 1237 1807 1079 1272 1425 INVESCO European Growth Fidelity Moneybuilder Growth 1186 1607 - - 2.3 2.2 Schroder Gift & Fixed Int Acc SECTOR AVERAGE 827 898 2005 1204 1498 2425 2726 3.0 0.7 SECTOR AVERAGE 1072 1213 1386 2008 1.5 5.9 1191 1440 2061 2117 2.6 2.6 SECTOR AVERAGE SECTOR AVERAGE ■ Investment Trust Units Japan **■** UK Smaller Companies International Equity Income Quilter Investment Trusts Inc 1137 1356 2582 974 2322 1182 1446 2244 2656 2.3 2.1 Martin Currie Japan 1124 1288 2382 2628 2.7 1.3 1174 1270 2528 - 2.8 3.3 GT international income inc 1078 1729 Laurence Keen Smaller Cos Equitable Trust of Invest Tsts 962 1943 1514 3.5 2.5 3.3 GT Japan Growth 1198 1396 2198 Gartmore UK Smaller Companies 1119 1723 2626 1571 3.4 0.3 Martin Currie Int'l Income 954 2217 1834 5.8 Quilter High Inc Inv Tst Acc 1133 1369 1995 1359 941 Dolphin Int'l Gth & income 1679 2228 - 3.0 0.9 M&G Fund of Investment Trusts 1089 1265 2212 2401 3.1 1.3 AES Smaller Companies

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berdeen Asset Managers said this week it will buy Prolific, the fund manager owned by mutual insurer Scottish Provident. It will pay for the acquisttion with a wodge of its own shares worth about £60m at current values.

investors in unit and investment merge but there are some obvitrusts run by the two companies ous duplications among US and is a great deal of uncertainty. The Aherdeen board has a ticklish job ahead of it to absorb Prolific, which has £7bn in pared with Aberdeen's £3bn. assets to the continuing fund up to 6 per cent, providing future is cagey as to whether this will retain the pick of the bunch. Currie of Aberdeen says both

Aberdeen's aim is to create a unified unit trust range. This, will include merging funds with similar objectives.

Aberdeen says it might combine its £47m Extra Income fund with that of Prolific, which has £167m in assets and has performed better long term. It has The immediate consequence for not decided which other funds to

Far Eastern funds. Fund mergers can be a pain for investors. The name, and often the aim, of the fund involved will

sometimes damages performance. performance is as good. But putting together Aberlot cheaper than switching to a higher annual fees. fund run by another manager

Aberdeen gets Profilic

Fund manager taken over

Prolific's investors, meanwhile, deen's 21 unit trusts with Prolif- may benefit from a reduction in ic's 17 will give investors greater front-end charges. Aberdeen's choice. Aberdeen allows invest typically have been lower, without charge. This works out a over the long term with slightly lot of disruption and internal

assets under management com- change while a sudden boost in and paying a front-end charge of cost savings from the deal but it managers but Aberdeen needs to

result in a reduction in charges on its own funds too.

Assessing the impact of the merger on performance is tough. John Spiers of Best Investment. politics."The merged companies Aberdeen expects to make big will probably need fewer fund

patchy performers.

Aberdeen's Far Eastern funds have weathered bumpy local be tallored towards the market in markets well, while Prolific's which a given fund is investing." £108m Technology fund and he adds. £170m Blue Chip trust have pro The merger will have fittle £170m Blue Chip trust have produced decent returns. But, as: Spiers says: "Both companies Aberdeen's 20 investment costs. have significant areas of invest. Prolific has just one investment ment weakness." Advisers say trust, the 261m Income trust. suggest that current investors tors to switch between its funds although it has made up for this says: "There is bound to be a should sit tight until the dust settles.

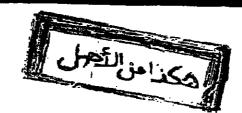
Aberdeen's stock-picking style contrasts sharply with Prolific's top-down approach. But Piers

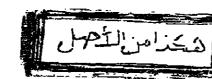
Both it and Prolific have been should be able to roexist under one roof "The investment process will

obvious affect on investors in

While Aberdeen stresses its continuing commitment to this tronbled sector, executives seem relieved it now accounts for a much smaller part of revenues.

Ionathan Guthrie





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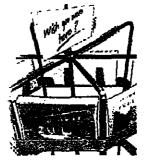
'He understands only too well why some friends' eyes glaze over as he opens the door to his roomful of rods and reels'

Page XIII



Aiready sold out

'There is a growing breed of shopper who realises it is the early bird who catches the buzz items'



Wish I lived here

'Few can resist playing the lifestyle swap game on holiday, which involves browsing through the property adverts'

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Page IX

The Men in Pastel

The Sicilian Mafia has long defied government and police crackdowns, but now marketing techniques are being deployed against them. Nicholas Woodsworth goes to Corleone and finds the hard men are losing out to the image makers

blinding sun of day, refreshingly cool in the thick-walled farmhouse on the hill. Outside, there are only the peaceful night sounds of the deep Sicilian countryside - the chirping of crickets, the distant barking of a dog on a neighbouring farm.

Inside, though, it is livelier. We are drinking one leone, home for 40 years to a home-made Sicilian speciality, walnut liqueur, and talking of another - the even other mafiosi. Given

tressed. "Why are visitors to Sicily so interested in the severed horses' heads in Mafia?" Daniela asks. "Do tourists in Rome or Milan look for majiosi under their they like to imagine drugs most Sicilians are like any- after page of smiling,

I find it difficult to explain to the couple the hold the Sicilian Mafia still retains over the world's popular imagination. From the Mafia

> Corleone may be Sicily's gangland headquarters, but only the overhead sun seems to be menacing

role, feverishly imagined or otherwise, in the murder of Versace, to the celluloid offspring still playing in a cinema near you.

Modern mythologies are supposed to come and go in nano seconds. But the Maffa myth endures, decades after Marlon Brando stuffed his cheeks with cotton wool to personify the ruthless, fictional capo Don Corleone in The Godfather. The Mafia remains a romantic icon, a powerful advertising image, and a symbol so pervasive that it is a pillar of popular

Yet for all the over-use of the word "Mafia" outside Sicily, and for all its shadowy influence on questions of power, money and politics on the island, it no longer holds absolute sway in the vital realm of the individual imagination. Not even omerta, the traditional code of silence - or the symbolic stone in the mouth for those who break it - holds back change these days. For the Mafia has slipped into the

world of the image-makers. Open on the table in front of us sits a large, glossy, 68page fashion catalogue. I had picked up this copy in Taormina, Sicily's fashionable coastal resort. But I might have got it anywhere - with 2m copies in seven languages in circulation, Benet-

t is late evening and, ton's "Corleone - Spring/ after the heat and Summer 1997" catalogue is available from Madrid to

> photos are taken against the streets of the town of Corcolour Maña nightmare gory silk sheets, bullet-rid-

the catalogue is banal.

I am nonplussed. But Dan-

But Sicily, Ezio tells me, face of Mafia domination.

is part, says Ezio, of a larger, the Mafia.

meet the Benetton kids of Corleone, I ask them? They agree immediately.

As we drive into the rough, bare, sun-burned hills

beds? Of course not, short, solemn text acclaimalthough the Mafia is in ing a changing town and ing a changing town and those cities, too. But here young people who "refuse to nary, clean-cut Corleone clothing. Far from shocking,

tation of all.

gangsters is important to Corleone's transformation. It loud, and angry "no" that Sicilians across the island Now, walnut liqueur is

strong stuff and can put brave words into late night talk. But for Ezio and Daniela, both in their mid-20s, the struggle against the Mafia is more than just words. Both are in their final year of criminal law study at the University of Palermo. Outspoken and idealistic, they will soon be practising in a world where outspokenness and idealism are not kindly rewarded. Theirs is a

Would they take me to

ous Benetton shock campaigns - all distasteful but all of proven advertising value as, together, we leaf through the catalogue. The faded walls and cobbled series of Dons so brutal and bloodthirsty they horrifled Benetton's track record, I am

bow to the weight of history, and guns and gangsters on tradition and discrimina every corner. It is wrong - tion", there is only page youngsters dressed in bright

> has a desperate desire for change - a deformed, underdeveloped and suffering society, it has been held back too long. To do so, it must first transform its own image of helplessness in the Standing up and showing the world that not all townspeople are blood-stained

lawyers, journalists, police chiefs, judges and left-wing are defiantly presenting to politicians has long been

challenging career step.

dled bodies, pools of blood. But no. Apart from a

iela and Ezio get the point right away. Of course Benetton is using Corleone's name to advertise pullovers, Ezio says, shrugging his shoulders. That is not important. But Corleone is also using Benetton's name to show that, despite the Mafia image, it has a wholly different and quite ordinary face.

And that is important. Of the 181 known Mafia "families", comprising more than 5,000 members on the island, the dominant Corleonesi family - between 300 leone - has the worst repu-

> Mafia. The Corleonese has always been among the most violent of Mafia clans. From the 1940s onwards, when Corleone claimed one of the highest homicide rates in the world, it has been ruthless in its expansion in search of profits from extortion, government graft, control of local business, and the great profits of the international heroin trade. Among its tactics, the assassination of

> > But in 1992, when the Italian Christian Democrat-led political order collapsed under an unbearable weight of corruption scandals, the Corleonesi Mafia, seeing its own profit in political chaos. launched a full-scale war of terror against the establishment. It was probably the biggest mistake of its long history. "Something changed in

people's minds following the assassination of Giovanni Falcone," Ezio tells me as we approach the cinder-blockbuilt outskirts of Corleone. When Falcone, the most successful and best-known of

reign of the Corleonesi

and 400 members are still behind Palermo the next by half a tonne of TNT in lively adolescents we have ing, chaotic evening traffic

bloody ascendence and long incensed. Two months later, his much admired colleague. Paolo Borsellino, was killed by a car bomb.

"Suddenly, people who had been afraid all their lives to speak out were angrily demanding action against the Mafia and those politicians colluding with them," he says. Overwhelming popular opinion forced new legislation, a witness protection programme, and a reinvigorated judiciary that produced the testimony of hundreds of pentiti -"repentant" mafiosi persuaded to testify as state wit-

Among those Corleonese now behind bars are senior lieutenants and Salvatore Rima, commonly believed to be the "boss of all bosses", the man allegedly responsible for 150 murders, including those of Falcone and Borsellino.

We park in Corleone's central piazza, now named in memory of the two judges, and stroll about town. Corland headquarters, but, on the outside, it is just a hot and shabby agricultural town - nothing here but the overhead sun seems menac-

The real action in town is

day, we talk about the Palermo in 1992, all Italy was arranged to meet are buying gelati con brioche - ice cream stuffed into bread

Salvatore Giacopello,

Patrizia Marino, Daniela Zabbia, Simona Santacolumba, Vincenzo Spadafora and Danelia Coniglio - six of Benetton's 48 models-for-aday - are happy to talk to us. If it will help change Corleone, they say, they will do anything from talking to total strangers to modelling pullovers.

They are like teenagers anywhere in the world, they tell us. And with their jeans and schoolbags, their Walkmans and ice creams and high spirits, they are indeed. The only difference, they add, is that they were born in a town where violence is easier than talk and the Mafia is the measure of everything - they are sick of the stigma.

What can helpless young people do, I ask, to beat the Mafia? It is young people above all, they reply, that can help. They, more easily leone may be Sicily's gang- than the pre-conditioned older generation, now look at the Mafia in a new unaccepting, and unfearful light. And when mentality changes, behaviour changes.

With people like these around, the myth of Mafia Italy's crusading anti-Mafia to be found in the Bar Excel- invincibility is being badly magistrates, was blown up sior, where the half dozen dented. But the reality is as reality, that with today's

global mass-communications it is reality. So he fights image with image. He explains that the film director Francis Ford Coppola created one worldwide personality for Corleone. It was that the Mafia mentality has Cipriani who contacted Benetton to create another.

The picture of a left-wing fashion company in a mass-

woven itself so deeply and so long into the fabric of Sicilian society that it is extremely difficult to One small example lies in against the Mafia is a rounded. the streets of Palermo, as we

on our way to meet Guiseppe Cipriani. "What are those?" I ask, pointing to yawning, empty gaps of wasteland in the dense urban build-up. "They

weave a path through roar-

look like bomb craters." They are bomb craters, Ezio replies. So tight has the grip of the Mafia been on Palermo and its construction industry that in the more than 50 years since the second world war no one has attended to unprofitable res-

toration. We stop at the grandiose stone Palazzo dei Normanni, seat of Sicily's regional parliament. A youthful former Communist, the mayor of Corleone, and a regional MP, Guiseppe Cipriani is also a member of the new generation of anti-Mafia militants.

He is a realist, and refuses to talk about beating the Mafia. He tells me that it remains extremely dangerous, especially now, when trying to restructure, it has gone deep underground.

The Masia will remain with Sicily as long as poverty and high unemployment are there to be preyed on. He is therefore delighted with recently approved European Union grants for agriculture, tourism and crafts projects in Corleone.

But Cipriani also knows that image is as important strange one. But the war of images has only begun Mayor Cipriani has now contacted auto-builder Fiat and Barilla, the Italian pasta maker, with the same

request he put to Benetton. Who else, I wonder, might be enlisted in the crusade? The possibilities seem endless, fast cars and tortellini just the beginning.

In the cool obscurity of the Sicilian night, with the crickets chirping once again, I begin to reel off my own images in my head. They are administrator enlisting a enough to make even the most ruthless Don wake in a communications battle cold sweat. The Mafia is sur-

At last the South of France has the wine to match its women and song.

Not until 1992 did the famous nymphettes and chanteuses of the Midi have a local wine to complement their chic. It was fresh and spicy, yet stylish and refined - but could anything so good stay as good? In fact, say the critics, it got better as James Herrick refined his hlend of New World technology and Old World know-how in Languedoc vineyards first used by the Romans. The result, this year, is a triumph: a wine good enough to provoke an impromptu rendering of Sur le pont d'Augnon. iames Herrick CHARDONNAY 1996 VAN DE PAYS D'OC James Herrick

This week's contents and columnists

Motorma Perspectives: Property ... XIV, XV Joe Rogaly XVIII XVI, XVII



Joe Rogaly The capitalist road

Motorways without tolls are the contemporary equivalent of common grazing land'

Page III

Lunch with the FT Elastic thinking

'When Susan Greenfield speaks. you get to see the verbal equivalent of bungee-jumping'

Page III

CHARDONNAY



Duncan and Monica Crundwell and Megan, the dog: '

Minding Your Own Business

Bleating along to Radio 2

Christopher McCooey finds some contented sheep producing rich-tasting milk

he "girls" on Duncan Crund-well's farm are avid Radio 2 listeners. "The girls like the radio on when they are being milked - the background music calms them and distracts them from any outside noise. If the girls are happy and contented you get

Crundwell and his wife Monica have 130 "girls" in their Ladywell flock, all British Milk Sheep, a breed noted for its fecundity, and five rams. This year's lambing seasons – a week in January and two weeks in March/April - brought them 257 lambs from 98 ewes.

The lambs spend their first few days feeding from their mothers to get her foremilk, or colostrum, which is rich in natural antibodies. From then on, an automatic lamb feeder – a Volac machina – takes over. Mixing powdered milk with water at the right temperature, it does away with the need to bottle-rear by hand.

The Crundwells started their milk sheep business 10 years ago. Before that, Duncan had spent his working life in general farming, always working for someone else. In 1987, they bought Cobblers Yard Farm in Kent and 10 acres, the first farm of their own. The land could not support many animals and they started with five milking ewes.

Their first step into busi-They sold very well. Encouraged, the Crundwells began to expand production by breeding lambs to increase the size of the flock. They



hotels.

level of 130 sheet

yoghurt, they make four flayours of ice cream, soft cheese, cheesecakes and unpasteurised milk. When yoghurt, they notified the environmental health authorities. Licences were required from 1994 and trading standards officials make visits about twice a year.

Some existing buildings were converted for the new venture: a stable block is now the milking pariour (though it retains the stable doors) and the tack room became the farm shop. This ness was to take pots of is run by Monica and yoghurt to the local fete. accounts for about 50 per cent of their sales.

The processing room is new and was built by Duncan. Capital outlay on equipment was minimal: much of continued to do this until the machinery was given to

1991, when they reached the them by a smallholder mov- steadily - last year it was ca's time is spent telling the present - and optimum - ing to France. Incubators £44,000 - but the small net public about the benefits of were adapted from second-As well as plain and fruit hand fridges bought from

The crundwells prefer to keep their business local. They mostly supply village they started making shops within a 15-mile radius, and have only one customer farther affeld, in Eastbourne. Local agricultural shows and fetes also offer good business. Although supermarkets are taking a growing interest in sheep milk products, the Crundwells' business is too

small to cater for them. Since they rented another 68 acres nearby, the Crundwells have had the capacity to handle the lambs that are not going to be added to their own flock. These are either sold to other milk sheep breeders or butchered locally and sold as freezer packs from their farm shop. "Turnover increases

Another problem has been the reduction of outlets for

their specialist products. In the past two years. 10 village stores they used to supply in west Kent and East Sussex have closed, put out of business by supermarkets which arrange buses to take people from small rural communities to towns for shopping.

comes out are reams and

"We had a directive from

reams of extra paperwork."

the trading standards people

which meant we had to

change our labelling. Pack-

aging companies are less

willing to give a competitive

price for small orders. To

cover the cost of new label-ling, we had to club together

with three other businesses

to order containers to benefit

from economy of scale."

Some of Duncan and Monisheep milk products. They attend shows and give talks to groups. Sheep's milk is especially

popular among the healthconscious. It is pure white and rich-tasting, sweeter than cows' milk. Because it is made up of very small fat globules and, naturally homogenised, it is easier to digest. It has a higher percentage of fat, protein and lactose than cows' milk and its overall calorific value is 102kcal per 100g compared with 73kcal for cows'.

"And it's very good for your skin," adds Monica, a modern milkmaid in white. from cap to Wellington boot, as she works in her spotless parlour.

Ladywell Dairy Sheep Products, Cobblers Yard Farm, Leans Lane, Lanoton Green, Kent. Tel: 01892The Nature of Things

When you wish upon a star

Andrew Derrington tracks down the building blocks of life and the universe

e may think but without them we would not exist. There would be almost no chemistry and absolutely no life anywhere

With the exception of hydrogen, which was created in the Big Bang that started the universe off, all the atoms of all the chemical elements on which biology depends were cooked up in large stars.

The supernova, in which a large star explodes at the end of its life, releases all the atoms it has made into the dust of interstellar space. The dust then gets incorporated into other solar systems. Each atom in our bodies, apart from the hydrogen, went through a supernova billions of years ago before our solar system

The different elements are defined by the number of protons in the nucleus of each atom. Hydrogen, with a single proton, is both the simplest element and the building block for all the others. Nuclei with more than one proton may also need one or more of another elementary particle called neutrons to keep them stable. Either too many or too few neutrons can make the

nucleus break down. Nuclear physicists have been working for the past few decades on the reaction by which the sun cooks hydrogen, which has one proton and can have one or two neutrons, into helium, which has two protons and two neutrons. The reaction. which also occurred in the Big Bang, generates huge quantities of energy.

In an unsustainable form, the hydrogen fusion reaction is the basis of the H-bomb. Last week in this column, Clive Cookson described attempts to control and sustain the reaction so that the energy it releases can be used to generate electricity

that super- ical physicists have worked them," says Gilmore. out and checked the recipes

> throughs was made by Cambridge scientist Fred Royle, who received the Crafoord prize, astronomy's equivalent of a Nobel prize, this year for proving that most elements could not have been made in the Big

There are two features of the universe that prevented heavy elements being formed at the start. The first is that only very high-speed nuclear cookery could be completed. The universe cooled and expan-

Each atom in our bodies went through a supernova billions of vears ago

ded rapidly as it formed. By the time it was three minutes old it was too cool for atomic nuclei to fuse together. "Anything that takes more than three minutes to make couldn't come from the Big Bang." says Gerry Gilmore of the Institute of Astronomy in Cam-The second feature that

prevented heavy elements forming is that beryllium. which is made by fusing two helium atoms, decays with a half-life of less than a trillionth of a second. Consequently, the only new elements cooked up by the Big Bang were helium, which has two protons, and lithium, which has three.

Astronomers and physicists are very confident in their assertions about what went on 15bn years ago in the Big Bang. One reason is that the physics involved is models are just H-bomb

Astronomers and theoret- models; we understand

A more interesting reason ing stars) are by which fusion reactions for confidence is that modremote and uninteresting, produce the heavier ele- els of the Big Bang predict that hydrogen and helium One of the early break- should exist in the same proportions everywhere in the universe.

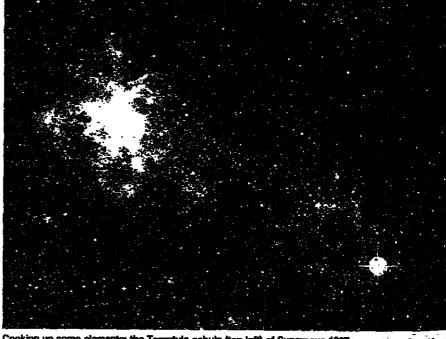
The prediction holds up well. Astronomers can tell the mixture of elements in a star from the colour of the light it emits. Individual stars vary, but the universe as a whole consists of about 75 per cent hydrogen and 24 per cent helium

Fortunately for us the primordial mix of elements produced by the Big Bang gets cooked further in the stars. The type of cookery depends on the size of the star. The heating is produced by gravity squee the material together, so bigger stars get hotter and

burn faster. Our sun, which is 15m°C inside, can only make helium. The crucial reaction for generating heavier elements is the fusion of three helium nuclei to make carbon. This reaction occurs in stars about 10 times the mass of the sun when they have burned all their hydrogen into

helium. Another piece of luck is that the bigger, hotter stars don't just produce the heavier elements, they also explode at the end of their short lives to blow these lements back into space so that they can be part of smaller stars and more hospitable solar systems.

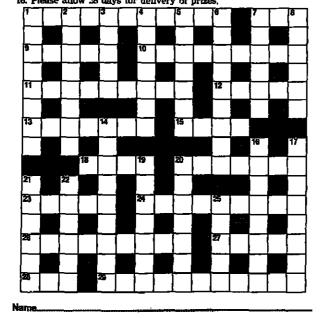
By the time our sun formed 4.5on years ago there had been enough cycles of star formation to generate a respectable mix of heavy atoms in the interstellar mix. The universe is still 99 per cent hydrogen and helium. The most com mon elements in the other per cent are carbon, oxygen and nitrogen. "It's not chance that we are made of this stuff," says Gilmore. ■ The author is professor of well developed. "Big Bang psychology at the University models are just H-bomb of Nottingham.



Cooking up some elements: the Tarantula nebula (top left) of Supernova 1967a

CROSSWORD

No. 9,443 Set by DINMUTZ A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and four runner-up prizes of Pelikan M200 fountain pens. Solutions by Wednesday August 13, marked Cross-word 9,443 on the envelope, to the Financial Times, Number One South wark Bridge, London SE1 9HL. Solution on Saturday August



WINNERS 9,431: R.A. Broughton, London SW6; R.C. Gill. March, Cambridgeshire; Mrs S.J. Palmer, Holmes Chapel, Cheshire; Mrs E. Russell, Brighton, Sussex; P. Symonds, London WC1.



C. Stratton's general rough-and-ready method (42-5) 7 Seeing red bananas? (3) 9 Light entertainment maga-

zine (5)
10 I despatch order in my
capacity as trainee policeman (9)
11 Warplane found in historic

house (9)
12 Order of shorter English dictionary (5)
13 Good climbers who turn

phrases (7) A pitcher with reeds in it? (4) Caught old wife in bed (4) 20 Conservative bids for stores of money (7) 25 Smarten up the man-of-the-

match (5)
Record hit, it turns out, by
Lamb? Extra covers needed! (9) 26 Translucent paper, when

peeled off, makes people cry (5-4) 27 Living person (5)
28 How much energy is used in striking dinner-gongs in the middle? (3) 29 Date which provides a very

soft skin-cream (11)

Solution 9,442

DOWN Country-minded type has Rugby trials arranged (8) seller of fragrant shrub (8)

profit (after living expenses)

all goes back into the busi-

biggest problem is keeping

up with trading standards

and environmental health

and me, with Penny, a part-

timer who comes in on Mon-

days. Whatever we produce

has our name on it, so qual-

ity is important to us - if we

don't keep our reputation,

we go out of business. But

it's hard - we have to adhere

to the same trading and

environmental requirements

as businesses that have a

Surprisingly, Crundwell is

more exasperated by White-

hall than Brussels. "The EU

comes up with a directive -

which is just that - an aim

to guide in an authoritative

way. A single directive goes

into Whitehall and what

turnover of millions."

The business is Monica

requirements.

ness," says Crundwell. "Our

Works and sometimes plays

Silent states of Roman his torian (7) 5 Go through green light

Gambler, at start of race, is richer (6.3) Angora in second show (6) Delegate deposited in river

14 Black Sea republic supports extremes of pitifu uncontrolled firing (9) 16 Now we should get the fare

down (8) 17 fare from France in course that is not fast (8) 19 Close school for holiday and collapse with laughter

20 Greek character opposed to Italian wine (7) 21 Wild region to pass over (6) 22 Head of board, in debt, is fiddling (6) Convention to dress sailor in clobber (5) Solution 9,431

BRIDGE

Finessing should be a last resort, especially if a slam contract relies on its success. Here, the declarer found a finesse to ensure his to co-operate. West started with a small contract, even if it lost. Now. that's my kind of finesse.

4 J 10 8 6 ♥ AQ4 ♦ AK 106 🗸 5 3 E ♥ J 10 3 ♥ K986 **♦ J942 ♦**85 4 Q9862 # AKJ1074 AKQ9532 752 **♦ Q73**

East South West North 1C 2S NB

The bidding was a mixture of gung-ho rubber bridge aggression and expert understanding. Over East's opening bid. South made an intermediate jump overcall. indicating at least six spades and opening hand values. Usually a jump to five of a major asks partner to bid a slam with high quality trumps. However, when the opponents have bid a suit, the meaning changes. Here, North's 5S bid was asking

South to bid a slam if he held first or second round control in clubs. With his club void. South was happy

club, which declarer ruffed. With East having opened, the heart finesse seemed doomed. However, it would not be needed if dummy's fourth round of diamonds became good, as this could be used to pitch a heart loser from hand. Declarer drew trumps in one round, crossed to dummy with A. and ruffed his remaining club in hand. This play prevents East-West from leading a club safely. He played Q4 and led his last diamond. When West followed small. he finessed with 104. This held, and he discarded a losing heart on K+.

Was he lucky that the diamond finesse won? Not a bit. Had it lost. East would have been forced to play either a heart around to dummy's ♥AQ. or a club, conceding a ruff and discard. Even if West shows out on the third round of diamonds, declarer could play Q+, and exit with 104, throwing a heart from hand. Once again, East would be on lead, endplayed into providing the 12th trick.

CHESS

Harriet Hunt, 19, from 10 e5?! Over-ambitious: 10 Oxford, won gold at the world girls' championship in Black to stabilise the central Poland last weekend, the pawns Bas 11 Qc2? Better 11 best result yet for the UK's fast improving female chess players. Hunt, Britain's No 2 already in trouble. The c4 woman, but seeded only pawn is weak, and Black's eighth against the ex-Soviets

who normally monopolise the title, is our first winner since Elaine Saunders, now Pritchard, in 1937. She beat her rivals by inventive attacking play, winning six of her last seven games.

title formerly won by Spassky, Karpov and Kasparov and the corresponding event. Bxi3 31 g3 Bd5 32 Resigns for girls are intensely com- Black is four pawns up and petitive. Western juniors threatening Rf6 and Qf3. have traditionally been the supporting cast to welltrained Chinese and ex-Soviets; but this time the Russians also failed in the boys event where America's Tal-Shaked came late to win on tie-break. .

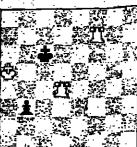
Knowledge of standard positions in a variety of. openings is important for strong players. When Hunt chose an outmoded black system in today's game, her Georgian opponent was all at sea with strategical errors (Lomineishvill v Huni).

1 d4 Nf6 2 c4 e6 3 Nc3 Bb4 4 e3 0-0 5 Bd3 c5 6 a3 Bxc3+ Paul Mendelson 7 bxc3 Nc6 8 Nc2 b6 9 c4 Nc8

ጉ

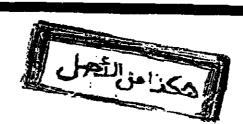
Be3 is better, aiming to force Qa4. h6 12 Be3 d6 13 Be4 Rc8 14 Bxc6 Rxc6 White is bishop has fine scope.

15 Qa4 Qc8 16 d5 Rc7 17 dxe6 dxe5 18 Rd1 Bb7 19 Rd7 fxe6 20 Rxc7 Qxc7 21 0-0 Nd6 22 Rd1 Bc6 23 Qc2 Conceding another pawn. but 23 Qb3 Nf5 planning Qb7-a6 also favours Black. Both the under-20 world Nxc4 24 Qg6 Qf7 25 Qg3 Qh5 26 Rel Nxn3 27 Ncl Nc4 28 Nd8 Rf6 29 f3 Rg6 80 Qf2



No 1191 White mates in three moves against any defence.

Leonard Barden Solution Back Page



ENUGUST 2/AUGUS

ie universe mode)s; we

them Says Gine.
A more interest for confidence and erre mydrogen an Should exist ma proportions even t by the criverse The premiumon Well Astronomer DEED, S. tus matthe (c. spir. Star from the come lign; ;; emis li L not Stars : 201 de as a whole consist. To per cent home. Der cest delum

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ume. ite mag. Such which they have mintil the bydrag for use hell Attitutet biede g. thut. min- that the disper an don't list profins Mre ter ermen g 3,7 BB 6000年至2000年 Shipri lives to be Chambert bick mer har that the care nts smaller ner and Mit. Pill.: PARTE Hy the time e me ays (.... 1 4.500 35 man the name of section ad Joseph Aging EW CAPACITY & THEE the 19 to 19 19 222 am. 15 15 Tes production and order and in the con-figures of the con-

tal

strictly speaking, she is not interviewable at all. Just touch the but-Which is not to say that her cells to keep track of it.

starred restaurant whose cuisine, as much architectonic as gastronomic, is designed to stop you dead in your tracks. It hardly stopped

her belief that today's generation is

thrill-obsessed and trapped in the

Greenfield.

Joe Rogaly

Make 'em pay for their freeway

If you supply something - whether road or computer network - for nothing, you will be smothered by demand

less we price the no difference. All are free at the time of use. That is the source of other cars off the the trouble. road. Freeways create gridlock.

The open road is an open invita-

let their sheep loose on suppos-

the internet. Water, health and

edly free fodder.

Permit me a small deviation. tion to stampede towards the The way I see it, there are progreat crawl, regardless of the found differences between snarlsocial cost. Motorways without ups on the web and their equivatolks are the contemporary equivlent on the roads. Net-nuts can download and sign on later. alent of common grazing land, Road-hogs cannot pick up their worn out by an accumulation of individual farmers' decisions to automobiles and carry them home. We can add computer and telephone capacity relatively cheaply and without collateral The equation is not hard to understand. If you supply some damage. New highways are thing for nothing, prepare to be expensive and devastating. Messmothered by demand. This sages are ephemeral abstracapplies to kisses, unmetered tions; exhaust fumes linger in water, Britain's health service, the atmosphere.

Never mind. The economics e-mail are paid for through taxa- are the same, whether you are bills from the utility or phone electronic link or a ribbon of tar port" could be made to work.

by Reuben Smeed concluded that what they were doing. the best chance of restraining traffic would be road-pricing, has had the courage of Dr

Smeed's convictions. During the 1970s, road pricing it was too complicated. Toll booths were costly. The best incar charging mechanism then on offer was an adaptation of the taxi meter. Anyway, charges would hit the poor. The suggestion that welfare cheques or tax credits could make up the difference was turned down.

Labour ministers believed that tion or connection charges or talking of unpriced access to an an "integrated plan for trans-

some are flat rate. This makes tame the motor car is to start build roads, run railways, with this proposition. This was instruct bus operators to erect recognised in Britain in the mid-shelters, bring them all together. 1960s, when a committee chaired They dld not, could not, know

> After 1979, when Margaret Thatcher came to office, the Alas, no government since then phrase "integrated plan for transport" was forbidden. Roads were in. Rail was out. During the 18 Tory years some advisers in was rejected on the ground that 10 Downing Street toyed with tolls. One transport minister openly favoured them. Electronic sensors and smart cards could make them easier to collect. All that was lacking was courage.

Perhaps Britain's New Labour government will have the nerve to do what its predecessors Tony Blair's administration gets it right. The wrong approach to toll roads is to regard them as a

company. Some are variable, or concrete. The only way to Government officials would privately financed substitute for treble during peak hours. This may use satellites to read and what taxpayers will not support. would make every user prove by That is what is happening in 30 US states. In the early decades of the republic, turnpikes were privately constructed and operated. Since the taxpayer revolts of the 1980s the tide has turned US

roadbuilding back to its origins.

The same waves are washing over Britain. This week a scheme for a £370m privately financed Birmingham relief road, to be paid for by tolls, was agreed by the transport minister. That was unfortunate, a mistake. The way to relieve Birmingham is not to build another highway, but to price congestion out of the exist-

ing routes. It does not matter who owns funked. If so, we must pray that the roads, although a private corporation would be best. The regulator (Ofroad) would insist that the operator charged double or The next generation of operators

paying that his or her trip was necessary. The profits could be diverted to supporting public transport in the region. This strategy could be adopted for all of Britain's road network, including the maze of streets in central London. We must hope that happens when the capital has an

He or she would find it a practical proposition. By that time, the turn of the century, the technology of road pricing will be well advanced. Coin-operated toll booths are out of date. Tags on windscreens or sun-visors, read -option. by roadside sensors, are already in use in California. Tolls are collected electronically in Singapore, Florida, Oklahoma, Texas, and several European countries.

elected mayor.

mark smart cards carried in a dashboard device. French farmers are experimenting with skyborne tracking of cattle, so why not cars?

The challenge to the Labour government is to introduce road pricing. It would be an achievement as significant, as globally trend-setting, as Labour's declared intent to reduce welfare costs. Higher petrol taxes make a marginal difference to road usage. Taxing parking places would add another featherweight of deterrence. Such a mix of sac charin expedients is the lite

The real thing is better confront motorists with a price tag for each journey. On this matter I am an unashamed capitalist

E-mail: joe.rogaly@ft.com



Bungee-jumping for the mind

Christian Tyler tries to keep up with brain scientist Susan Greenfield's elastic thinking tangee-jumping is Susan field loves food, and she gave these would give her eye teeth to be ablative absolutes and gerunds, the like Bertrand Russell, let's say." Greenfield's metaphor of the moment. What her attention. The first course, I of the moment. What her attention. The first course, I she calls a kind of conthink, was asparagus mousse, and I trolled hanging, a conseem to remember a main course seven. trolled accident" nicely illustrates looking like a bird of paradise

posed on the plate as if for a paint-

ing. We ordered a bottle of Vou-

vray, whose flowery fumes went The spectacle of people throwing straight to the brain stem. They themselves head first towards the invigorated hers, retarded mine. ground on an elastic rope has also Like many academics today, helped this brain scientist develop Greenfield is a practised mediaher ideas for a book she is writing monger. She writes a fortnightly on pleasure as the prime motivatorcolumn for a newspaper, she writes of human behaviour. popular science; she gets on to the Of course, bungee-jumping is not radio and she is mentioned in fashnew. Decades ago, the National ion magazines. It helps, of course,

pictures of jungle-dwellers launch of the "It" girl, a brain on legs who ing themselves off rickety wooden can talk about science being a towers with vines knotted round male bastion one day and give a their ankles. But as a metaphor it lecture in a mini-skirt the next. describes Greenfield quite well, But let us leave Greenfield's long slim legs out of this. She is a fellow When she speaks, you get to see of Lincoln College, Oxford, and the verbal equivalent of bungee- Professor of Pharmacology at the jumping: a precipitate, headlong university. (This, she explained, is rush down an infinitely elastic a new-fangled professorship which

Geographic magazine showed us that she is the academic equivalent

thought-thread. Greenfield is not to has no chair and brings no extra be brought up short. Indeed. pay, but is awarded as a mark of excellence.) Her day job is to study the ton marked "press" - and she's off. brain's chemical transmitters, in

particular how brain cells degenerin-flight commentary is nonsense. ate in diseases such as Parkinson's she moves into philosophical mode, We lunched at the brain-food to suggest ways of tackling the capital of Oxfordshire, Le Manoir once again academically fashion- anyway". aux Quat' Saisons, a Michelin- able problem of consciousness, or

tures. In 1994, she was the first "inspirational" teacher of Greek. I woman to give the Christmas lectures at the Royal Institution; it pressed it. There was a tray of handcrafted was a guided tour of the brain tasters to begin with, charmingly which she has just turned into a introduced by a waitress with an book (The Human Brain: A Guided outrageous French accent. Green- Tour, Weidenfeld & Nicolson). She

morning and works from seven to

I was hunting for a decorous lunchtime subject. Men's brains versus women's brains? Nature versus nurture? Dolly the Sheep? Pop science? We touched on them all before the main course arrived.

She told me how her baby brother, aged three, asked the mind-brain question when confronted by the stare of a dead rabbit her mother had bought at the butcher's; how her mother, a

We are producing scientists; but I would call them technologists

dancer, identified for her the philosophical problem of qualia. (Is the red I see the same red you see?) A family of geniuses, then?

Apparently not. It was, she said, "an unconventional, carpe diem, You just need a lot of spare brain and Alzheimer's. For recreation, noisy, fun-loving sort of family: a lovely atmosphere of everything being possible, and being a hoot

Greenfield came to the sciences late. She had studied classics at In between, she writes and lec- her London school thanks to an recognised another button, and

"What I find deeply distressing is that nowadays even my graduate sensual gratification in booze or as manic to you?" students haven't the concept of a drugs...that these were flat Not at all, I said weakly, and main verb," she said. "Forget about personalities compared to someone called for the bill.

know what a main verb is - I do

find that deeply worrying." You're impaired if you don't know what an active verb is? "Well, I would never accuse someone of being impaired."

Deficient as a thinking machine, "I think there are two problems. First, the lack of formal grammar means their thinking is not as disciplined as that of people who have done classics. It's all rather waffly,

intuitive and fuzzy. "The bigger problem stems from the rise of the CD-Rom and so on. time - and I'm sure you did curled up in a corner with a book, transport you. This very unfortuis nonetheless appropriate for the average young person now. They press a button and get instant gratification. They have a visual image imposed on them, whereas we had to use our imaginations."

Why is that better? tion span exceeding a few micro- out, don't you?" When other people seconds. It gives you the power to do gardening or photography or lisescape from the present and go ten to music, that's when I do into the past or the future or to these things on consciousness. some timeless place. If you don't Actually my hobbies are shopping have an imagination, if you don't and eating. I really do love shophave mental inner resources, ping - clothes shopping, bubblethen you can't interpret what you bath shopping."

You are a flatter personality?

She laughed, adding: "Just to take a typical example."

Today's generation was factorientated. "We are indeed producing scientists; but I would call them technologists, people who can press buttons, interact with machines. Sorry to sound terribly reactionary.

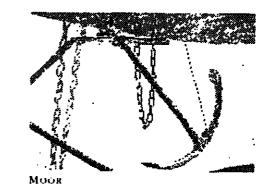
Her next book explores a related idea, that all human behaviour is motivated by pleasure in some way. She talked about ravers and drug-takers and the "pleasurable rhythms of sex, chewing, and danc-

"When people go bungee-jumping or white-water rafting, when In the old days I spent most of my you have orgasms or when you eat, you are reducing your world to a very present one. You are abrogat-Your imagination was able to ing past and future, blowing your mind, exactly as people say. My nate modern phrase in your face' book will say that extreme pleasure is an abrogation of personal-

> What do you do for pleasure? "I just work all the time." I mean, when you want to calm down.

"I'm not calm. People often say "Because it gives you an attento me: You realise you wear people

Were you always so hyper? "I don't really see myself as "Some might argue that the sort hyper. People tell me I am, and of person who roves the streets they tell me I speak very fast. I looking for kicks, and mugs old don't think I do. I know I come ladies, who looks for immediate across as manic. Do I come across





THE MERRIER

CORIS NEEL Stol Consulat Test March v. alarmata. Totast Beijide. 7:11 August Environ lyttle amoust Fishers From No West Thomas, Lories ST LIGHT STARTS, DOSE OFFE 13 September LOT MORE OF THE PROSS. Burren Mariera care Le França des Quer'Sana la Gerat Michol THE WESTORD OFFICE PROTECTION



But all in a May evening in this year of 1997. Catholic Bosnian Croats torched 60-odd homesteads, in a verdant vale of tears deserted by all but some octogenarian Serbs who were too set in

their ways to move. "It is easy to torch a valley hereabouts," says Major Ian Hope of Princess Patricia's Canadian Light Infantry, part of the stabilisation force - SFOR, a Nato outwith keeping the former warring factions from re-warring.

"All you have to do is knock the roofing tiles off the houses and take out the doors. This over blaze when you lob in highly inflammable material." said Hope, a smallish, intense, highly articulate light infantryman from Nova Scotia, who certainly knew what he was about. "We came into the valley at about one in the morning," he Dispatches

The valley of burning desires

Alex Morrowsmith ventures into a trouble-spot with the peace-keepers

from end to end. All we could do was get the old folk out."

And why the conflagration? The Croats were ensuring that the former householders, Orthodox Serbs and fellow-Christians who fled to avoid earlier slaughter, would not return to register fit under a UN mandate tasked and vote in the off-delayed elections scheduled for September.

Hope turns stern and Calvinistic: "Fortunately, the old people were not harmed before we got there - otherwise we might have gives a good up-draught and all- had to get a bit heavy with some guys who were still in the area." They reckon Canadians are slow to anger - but God forbid that you should ever get in the way of righteous wrath.

We pass by Land Rover through Titov Drvar, a forsaken town with a hangdog feel to it.

recalls. "The valley was on fire Bombardier Ginge Farah drives and "Advance to Contact". and Captain Matt Allott provides a commentary.

Allott is usually high on a hill as Forward Observation Officer for G Para Battery of 7 Royal Horse Artillery, ready to bring down British fire in support of the Canadians, should there be any war-like movement from a Croat Guards battalion and their sorry-looking Soviet tanks based in this sadly pessimistic garrison

There was a majority Serb population here before the Croat offensive in August 1995.

Earlier, Allott had given us the "sitrep". How the staccato words come back. As an old Rifleman I find myself remembering everything there was to know - in tral Bosnia and they have few another ghastly place - about "The Platoon in Attack"

With the exception of the elderly Serbs, most of whom live in the torched valley, Dryar was abandoned in 1995 and resettled by 8,000 Croat Displaced Persons

The valley was on fire from end to end. All we could do was get the old folk out'

in the last year. They mostly come from Croat pockets in Cenqualifications.

There are only three small

working factories in the town including a sawmill and a water pump spare parts facility. There are 150 bars and cafés, dozens of kiosks and a few small hotels and

One doctor mans the hospital and a primary school sometimes functions. Up by the Canadians' barracks - a position that even Wellington would have found difficult to defend - the SFOR troops are proud of the children's playground they have constructed from old timber and

Nearby caves served as Tito's headquarters during the second world war. In May 1944, German glider and paratroops attempted to snatch the Croat who led Yugoslavia against the Nazi invaders. He escaped and went on to rule Yugoslavia until his

The force of Tito's personality curbed any leanings towards civil war among his varied and

divided people. There are many who believe he is sorely missed. When you come to make comparisons, Bosnia is a little like Ulster in that nothing is as it seems and no one ever seems to get anything right. On July 10. Nato troops in the north-west shot dead a suspected Bosnian Serb war criminal and snatched

many of the locals and the Rus-

sians were unhappy. Then there are parades - it has the Orange marching season in Ulster, including the Twelfth of July, should ever pass off peacefully. Rotten public relations and downright bloodymindedness used to see to that.

In Titov Drvar, last Armistice Day, it looked like a PR godsend when a group of Croat old soldiers of second world war vintage asked if they could parade with the British troops on November

Drawn up on parade on the day, they were as fine a body of veterans as would be found around countless war memorials in Britain and the Common-

All were wearing their various medals and orders from their ancient conflicts - rather stern bits of ribbon and tin, in contrast to the more flamboyant signs of pride on the breasts of today's young British soldiers.

The old Croat soldiers had quite a few highly identifiable Iron Crosses among them, along with other badges for bravery awarded by their then Nazi allies.

another. This did not please These were old, unembarrassed men who must have been proud to serve a certain cause when always seemed unthinkable that they were young and saw life and history in a different

> This, after all, is the Balkans, where one man's atrocity is another man's proud moment.

here are bad and dangerous women in this world women murderers. bank robbers, terrorists. kidnappers and gangsters.

But everywhere, consistently and predictably, violent or other serious crime is mainly the preserve of males. In the US, for example, men are almost eight times as likely as women to commit violent crimes.

Because of patriarchy and patriotism, human male violence is bred in the bone - one of the legacies, say zoologists, of our ape and woodland ancestry.

We are part of a group within the ape kingdom in which males rule by combining in powerful, unpredictable and hierarchical coalitions for which the main order of business is persistent rivalry - sometimes leading to war - with other male coalitions.

If you doubt my word, look around you next time you are in the office. You will see small gangs of males, or individuals belonging to gangs, muttering by the coffee machine about rival gangs or individuals: how to demean and usurp them: how to obliterate them from the face of the earth.

My name is Jane Astor. I am an American-trained, London-based private investigator.

Don't get me wrong. I like men individually. As a post-feminist, I college in America I majored in are quite valuable zoology, so I know about the evolutionary forces that made men vinced me he had no motive for what they are. I sympathise with ordering Mallalieu's murder. On them. Men are biologically redun- the contrary, he gave me several dant; leftovers from the rainforest; superfluous to require-

ments; on their way down. But my knowledge of the male predicament does not blind me to the potential for hideous violence locked in their genes. I am 33 years of age and hope to live until at least 2060; as a consequence, I treat men warily.

Not for the first time, I explained all this the other morning to my assistant, Paul Willson. We had walked from my house near Marble Arch to the café on Baker Street where we often have breakfast. Paul is 20, with long, greasy hair. He is reasonably eccentric but is excellent at data retrieval and other computer arts, and is a promising investi-

Our current client is Elizabeth Mallalieu - rich, beautiful and recently widowed. Her husband, Robert, a gold market specialist, was murdered in London's Little Venice on May 9.

The police are treating his death as a fatal mugging, but his widow has hired me to discover whether there was more to it than that. She told me she wanted peace of mind - to know that her husband's death had been exhaustively examined. They separated 14 years ago but

had remained good friends. For several weeks my investigation has wandered through the Associates voice. For three years labyrinths of two separate mar-

wanted to get to the bottom of Mallalieu's tangled relationship with a Russian lawyer and businessman, Dmitri Zhuruvsky formerly my principal suspect.

Zhuruvsky is a client of the recious metals firm Mallalieu founded. Brightsun Investments. The Russian has lost more than \$20m by investing in gold. And Mallalieu and Zhuruvsky both enjoy their company and silly collected art fakes. Fake works of tribal games. I know how to use art are now traded openly in a men - and do so, selfishly. At sort of secondary market; some

In the end Zhuruvsky conpointers. Above all, he told me to turn my investigation on its head, to stop looking outwards and start peering inwards - at Elizabeth Mallalieu herself. According to Zhuruvsky, there is strong possibility that Robert Mallalieu's murderer is Elizabeth Mallalieu's lover - a 29-year-old ex-British paratrooper and former army boxing champion

named Lee Hamer. Nineteen months ago, Hamer was court-marshalled and thrown out of the Paras for severely heating another soldier with his fists following an argument about a

borrowed paperback. Robert Mallalieu was killed on the street near Elizabeth's home. His throat was cut; he died in the gutter. The other morning, Paul and I were debating whether Elizabeth suspected Hamer had killed her husband when she

"Paul," I said impatiently. He was finishing his third plate of food and second pint of milk. "We are not going to find out what Elizabeth suspected until she gets back from holiday in Sardinia. If she imagines there is a chance that Lee Hamer killed Robert, she hasn't told me about it. Yet I don't think I have a problem with that. What does it suggest to you, Paul?"

Paul mumbled.

"Speak up," I said. Paul grinned. He never fails to react when I lapse into my Kroll up to November 1994. I worked as kets - gold and art fakes. I a corporate investigator at Kroll's

FAKE: Chapter 7 by Michael Thompson-Noel

Jane Astor, a private detective, is investigating the murder of a London gold market specialist, Robert Mallalieu.

Her prime suspect was a Russian businessman, Dmitri Zhuruvsky, who was involved with the murdered man in two separate markets: gold and art fakes.

But Zhuruvsky has convinced Astor of his innocence and given her a key pointer, advising her to focus on her own client, Elizabeth Mallalieu, the dead man's widow. Zhuruvsky says Elizabeth is in danger.

Astor, 33, is a post-feminist. Her assistant, Paul Willson, is an eccentric, trance-dancing

As the twists of the Mallalieu case have unfolded, this odd couple have realised they are pitted against a formidable foe ...

died. When I was 12, my father took me and my mother to Florida, where I grew up. He was a golf course designer. In 18 years, he designed more than 40 golf courses across the American sunbelt. Invariably, he incorporated in his designs artfully adapted references to the famous British seaside links courses that have left such an imprint on golf's evolution.

In his will my father left me \$3m. So I chucked it in at Kroll and moved to London, where, for want of something to do. I set myself up as a one-woman detective agency - one woman plus male assistant. With money like that in the bank, I can afford a relaxed attitude to work. I work four days a week, 42 weeks a vear. The rest of the time. Paul and I have fun. We like to bet on sport. And we take long holidays,

usually in the tropics. Yet I take my cases seriously. Paul and I give value. Our clients are lucky, whether they know it or not. Armed with the informa-

Miami office, but then my father tion Dmitri Zhuruvsky gave me, I have vowed I will nail Mallalieu's

> "Speak up, Paul," I said again, lighting a cigarette, blowing a perfect smoke-ring and waving to the waiter to bring another pint of milk. Paul needs his calories. "What I said, Jane, was that if

Elizabeth didn't mention Lee Hamer when she hired you, or anything about him, including his court-martial or that Hamer was her lover, it could have been because she was terrified of him. Or . . . knowing Hamer's violent streak but not ready to admit to herself that he might have killed her husband, perhaps she thought she would hire an investigator like you, and see what you dug up."

I blew another smoke-ring. Something Paul had said had triggered an alarm. I couldn't grasp what it signified, but I knew it would come eventually.

Paul pushed his hair back. "The first possibility." he continued, "isn't really convincing. She could have told the police about

Hamer the day Mallalieu was murdered; but she didn't. So the second theory seems more promising. Deep down, Elizabeth had an inkling that Lee Hamer killed Robert. But for some reason something psychological, to do with her relationship with Hamer, who sounds like a thug she didn't want to face facts. Unconsciously, hiring you was

how she handled her suspicions." "Good, Paul," I said. "Excellent, in fact. Let's just summarise because over the next few days Elizabeth is in Sardinia on her poorly." own, and returns in some days' time. If Hamer doesn't know about us - if Elizabeth hasn't told him she has hired investigators to examine aspects of the case the police are ignoring then Hamer is going to be vexed when he does find out, which will happen pretty shortly. OK so

Noisily, Paul glugged some milk. "Thank you, Paul," I said. "Always nice to hear a broadcast from Planet Willson," Paul stopped drinking, and looked at me aggressively. "So." I continued, "what have we got? Zhuruysky says he was a close friend of Robert Mallalieu's, and that Robert told him Elizabeth was a hopeless handler of money who lived beyond her means. Second. Zhuruvsky says Elizabeth has a taste for rough trade like Lee Hamer. Elizabeth is 43, Hamer is

When they separated 17 years ago. Robert gave his wife their house in Little Venice and undertook to pay all costs ~ especially school fees - associated with the upbringing of their two daughters. In addition, Elizabeth supports herself by running a garden design firm. But Zhuruvsky says Elizabeth is incompetent: she is heavily in debt. It is for that reason, says Zhuruvsky, that it was unprofessional of me." - I rolled my eyes, and lit another cigarette "to have ignored something I was told at the start: that ownership of Robert Mallalieu's firm, Brightsun Investments, now

passes to Elizabeth. Brightsun, it is estimated, is worth £3.5m. "When we met him in Scotland, Zhuruvsky didn't indicate

that he thought Elizabeth was involved in Robert's murder. But he did tell me he thought her taste in lovers was worth investigating. Many women, Paul, are attracted to strong, violent men. It's something they can't control. A few women, it is true, like a different type of male - skinny ones with long, greasy hair who what we know about Lee Hamer think the epitome of cool and and also about Elizabeth - recklessness is a splash of cKOne. But that's their funeral, we're going to be covering a lot Paul. Charles Darwin would have of ground. So far as we know, said they were choosing very

Paul muttered something, but I wanted to press on. I listed what we knew about Lee Hamer. He had been in the Parachute Regiment, which is based in Aldershot but usually has troops in Northern Ireland (Hamer had been there twice); and he had boxed for the army. Two months after being evicted from the Paras, Hamer was hired by Elizabeth as a contract worker. They soon became lovers.

"I saw Lee Hamer at Elizabeth's house the first time I met her." I told Paul. You thought he was the gardener."

"He was mowing the lawn." "What did he look like?" "6ft 2in or so, crewcut, heavy-

set, with a tattoo over his left breast. All paratroopers have tat-

"You do know a lot," said Paul. I blew smoke in his face, and signalled for the bill.

"Let's crack on." I said, getting to my feet. "We've got a few days before our client returns from Sardinia. I want to find out all there is to know about Lee Hamer – and about Elizabeth herself. When we met him, Zhuruvsky told me that you and I had been lured into a quagmire. Someone was making fools of us. And he warned me that Elizabeth was in danger from Lee Hamer, who is besotted with her and wants to marry her.

"It looks as though Hamer had guessed Elizabeth's money troubles would be solved - thanks to

Brightsun Investments - if Robert Mallalieu was eliminated Zhuruvsky was cautious: he's a lawyer, after all. But he said the likelihood was that Hamer murdered Mallalieu."

For four days, Paul and I worked extraordinarily hard, building up a profile of Lee Hamer, and also of Elizabeth Mallalieu. The more we learned, the more I wondered why I had spent so much time investigating Zhuruvsky rather than asking whether a woman as beautiful and enigmatic as Elizabeth had not had a few squalid secrets of her own. But there you are: investigators do not usually investigate their own clients, or their clients' love lives.

In four days, Paul and I produced enough evidence to convince me that Hamer almost certainly murdered Robert Mallalieu. Then we took a break. We went racing. So far this year. Paul and I have won £16,534.74 by betting on sport. He makes all the selections. I handle the

Last Saturday there was a red-hot race at Ascot, involving the best 1\%-mile horses in the world. Paul had spent hours comparing the form of the runners, and decided there was a fortune to be made by focusing on the third favourite, a horse named Pilsudski, owned by Lord Wein-

"The computer says Pilsudski must finish in the first two," Paul told me, "so we'll back him in dual forecasts with the other seven runners. We can't lose, Jane. To win the dual forecast, we have to name the first two runners home. It doesn't matter which is first or which second

Pilsudski finished second. We had backed him in seven separate £150 bets. The dual forecast on the big race paid odds of 45.1 to 1. Allowing for our six losing bets, we made a profit of £5,865.

We were euphoric. But three days later our case against Lee Hamer earned a grisly postscript.

Hamer was killed on the Westway flyover, halfway between Elizabeth Mallalieu's house in Little Venice and his own flat in Shepherd's Bush. He lost control of his red and white Ducati 996 Paso motorbike at an estimated 130mph.

There was not much of him

It was 11.30pm when we heard the news. Paul and I stared hard at one another.

Paul said: "We're up the creek, Jane. We've reached Palookaville. End of the line."

I squeezed his bare arm. "I don't believe that's true," I said. "The Mallalieu case is not quite over. But time is running out. Someone is in serious trouble, and I don't just mean us."

... TO BE CONCLUDED

final chapter of FAKE - in next Saturday's FT Weekend

FT Weekend **Competitions**

This is week seven - the penultimate week of our

summer series of sporting challenges. We are offering pink champagne and thick books as prizes to the senders of the wittiest and most imaginative entries. Last week we asked readers to make the Modern Pentathlon more relevant. We were looking for events that reflected the intense competition of contemporary living; shopping,

parking, commuting and eating figured foremost. The Do-It-Yourself store is full of athletic possibilities - from finding the right-sized natl in unlabelled containers, to the purchase and erection of a self-assembly wardrobe. In the latter event, the degree of difficulty can be varied by marking none of the components and mis-marking others. However, our winning suggestions were: # After parking, competitors will accompany two

children under the age of three into a supermarket

and take them to a lavatory for which a key must be obtained from a member of staff. (Sue Channing, Warrington, UK)

■ The Voice Mail Marathon: choose a large government bureaucracy and see who can actually get a real person on the line first. A time limit may have to be imposed as the event could take days. (Andrew Inkpen, Phoenix, Arizona)

■ Building Society Dash: contestants must open the greatest number of full-membership building society accounts on a single Saturday morning. (Terry Gannon, Twickenham, UK) Competitors must, over a one-week period, find

a new parking space each day in Manhattan

without receiving a parking ticket. (Cynthia Parzych, Competitors must start a mobile computer. connect it to a fax, send an e-mail, change a voicemail greeting, shut down the equipment and re-pack. (Philip Haberman, Radlett, UK)

The Triple Jump: privatised industry executives compete to achieve the highest salary increase; the largest rise in pension provisions; and biggest compensation package on resignation. (Graham Hewitt, Huntly, UK)

Competition 7: Football

Football is the marketing and media triumph of the late 1990s. Ranks of well-behaved spectators pay tidy sums to sit in increasingly modern stadiums. In the UK, there is even a newly appointed "Minister for Fans" - showing how high football rates on the politicians' agenda. Perhaps this is also a clue as to what is missing from the game - a slogan, or, if you must, a mission statement.

So we want readers to devise the perfect slogan, or mission statement, for football. It can be short and sharp and advertising-led: "Just Kick It" or "The Round Ball with Edge". Or your answer will be the stuff of the company accounts, after the management consultants have toured the building, repositioned the rubber plants and manufactured

spectators, be they in the ground, on their sofas, or gathered in front of a TV in the corner of a bar." The six cleverest suggestions will be rewarded with a bottle of plnk champagne and a thick book. Difficulties in getting the champagne past customs, mean that winners in some non-EU countries will get two thick books.

the mission statement: "Football aims to delight

How to enter

Send entries by post to Weekend FT; Summer Competition (Football). One Southwark Bridge, London SE1 9HL, by electronic mail to football@ft.com or by fax to (44) 0171-873 4433: Entries must be received by noon, British Summer Time, on Wednesday

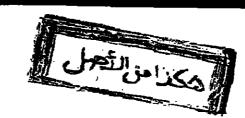
Please provide name, address and daytime telephone number.

The uttimate challenge

Next week, we will set a final challenge, which will, produce two winners, each of whoth will receive. two business class return tickets for air travel within Europe, courtesy of Lufthanse.

CONDITIONS: This week's competition is open to FT reads aged 18 years and over. Entries must be submitted to one of aged 18 years and over tentage must be such that do not one of the above addresses by the specified date. This whiching entries, as selected by a Weekand FT panel, will be published in the FT on Security August 9. The decision of the judges is final and no correspondence will be entared into. All prizes will be dispatched to winners within 25 days. There is no cash alternative. Copyright in all entries will remeat with the ...





BOOKS

hat hope for the individual? He or she is buffetted by all sorts of hostile forces, Marxism, psychoanalysis. even millenarianism. Yet, according to Raymond Tallis, only through the individual can progress and freedom be assured. This restatement of Isaiah Berlin's concept of individualism celebrates rationalism as society's only means of rebuffing many of the concepts now holding sway. These include New Age theories of mysticism and

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trendy postmodernism. Tallis, a professor of geroniology, calls for a revival of individual autonomy and an end to what he sees as the folksy philosophies of doom and pessimism. He harks back to the 18th century for an optimistic view of the individual's ability to shape his own place in the world. "At that time, there was a fundamental vision that we are, all of us, members of the human race. This not only elevates the oppressee, but unmasks the 19th century by those who expertise of traditional schol-

Down with doom and pessimism Nicholas Kochan on why Reason and the individual should rule over all the millennium mystics

oppressors; it strips away the denied Reason's universality and from critical evaluation. And the belief in the infinite perfectibility of man is greatly to be preferred to an inert or paralysed pessimism."

The roots of irrationalism go back almost as far as the thought and giving man confi-Enlightenment itself, the very era when the individual flourished as never/before. It began with the Romantics, who denied Reason any place within human affairs. These irrationalists also denied the validity of universalism, and they criticised science. calling for a return to some sort of religious authority. De Foucault and practitioners of Maistre is cited as the most viruleut spokesman for this view.

autonomy was taken up in the assault on the content-based

aura behind which they hide force. They argued that Reason was not an autonomous and conscious agent with the power to structure a better world. Tallis despairs of this defeatist view, preferring to hold that Reason is essential in shaping creative dence in a confusing world.

In support of his theory of hope, he takes aim at a veritable pantheon of the giants of European culture, showing a formidable knowledge of those whom he demolishes. His bète noires of black pessimism include Dostoyesvsky, Durkheim, Levi-Strauss, cultural studies, such as Stuart Hall. Hall's work is dismissed The attack on individual out of hand, as "just another

ENEMIES OF HOPE: A CRITIQUE OF CONTEMPORARY PESSIMISM by Raymond Tallis Macmillan 145, 444 pages

> CYNICISM AND POSTMODERNITY by Timothy Bewes Verso Books £40, 248 pages

ars." But Tallis reserves his

greatest venom for Sigmund Freud, for whom he has no "There is hardly any aspect of the man or the oeuvre untainted with the scandal of scientific incompetence and moral failure."

Pessimists are not merely phi-

losophically flawed, says this risk embitterment and despair arguing that its effect is to elimithesis, but they are a social and political menace. Autocratic or paternalistic regimes dedicated to firm government have thrived during periods of the counter-enlightenment, he notes. At these times, human nature has been seen as irremediably evil, and men so perverse that only a strong and authoritarian saviour

credence to Tailis's view. Brilliantly argued and with a wide range of erudition, Enemies of Hope shows how hope can be a force for progress. Starting with hope, the worst you risk is disappointment, says the author;

can lead them out of their deca-

dent trough. The horrendous

results achieved by dictators

espousing irrational philosophies

in our own century lends strong

whose consequence is false messiahs and dictators.

You may also risk cynicism. the subject of Timothy Bewes' new book on postmodernism. Diogenes, the first cynic, does not figure at all in Tallis' book but Timothy Bewes makes out a good case why he should - or at least his successors in today's thinking. world should. If the cynics of classical times opposed the values of their contemporaries, at least they cherished certain values of their own; not so their successors.

Today's cynic is far more radibecause he denounces society's starting with pessimism, you gether. Bewes shows how the mystics.

cynicism has been cast off by today's cynics who have embraced hollow aestheticism or even nihilism.

Bewes puts postmodernist cynicism into a political context. nate idealism and reduce the political struggle to no more than a choice between competing means. "That children should do their homework is about as political as the declaration that grass should be green." be exposiulates in his despair at the poverty of much current political

As the 20th century reaches its ignominious end, the attractions of fatalistic theories of the millennium are likely to be strongly promoted and accepted. These two powerfully argued books offer a way through the impasse cal in his disillusion, revelling in of pessimism to the sunny his alienation not so much uplands of hope. They show how the individual can find his or her values but rather because he own millennium, freed of the refuses to engage with them alto- hocus pocus of pessimists and

One damn thing after another

John Ramsden wades his way through an austerely chronological history of the 20th century

most eminent historians and prolific authors. Since 1963 when he produced the splendidly trenchant, opinionated The Appeasers, he has published another 50 volumes, 19 of them in connection with his official biography of Winston Churchill.

Gilbert is also, though, a man whose books can be frustrating in the extreme, (or his oft-asserted view is that the historian should use his scholarship to assemble the facts rather than to intrude with opinions or to offer conclusions; the reader is thus given the raw materials and remains free to judge

events that were reported and discussed in the west this is all too often world history that made The Times headlines) have determined the shape of the entire project in what has been called "the What Katy Did Next

school of history". The book's maps locate the places mentioned in the text: we are shown Bargoed, Letchworth and Poldhu (in Cornwall, stupid), but not Birmingham; and in Canada, Fernie (yes. Fernie - it caught fire in 1908) gets in, but not Edmonton (which suffered no headline-grabapproach, but did Birming- vice in conflicts with their

ir Martin Gilbert is ham play a lesser part in own racial or religious posi-one of Britain's "history" than Bargoed? tion.

Monetheless, facts just do writing, even Homer must nod sometimes. There are too many slips and far too many repetitions: do we really need to know four times about the Bosch magneto, or three times that Roger Casement exposed (among other things) atrocities in the Congo?

Gilbert's knowledge and

A HISTORY OF THE TWENTIETH CENTURY, VOL. ONE

1900-1933 by Martin Gilbert HarperCollins £30, 502 pages

scholarship make him in In this History of the Twen- many ways ideally suited to VII and Georges Clemencean tieth Century, we are offered write a history of our cen-"narrative history", but it tury, and great insights might more accurately have emerge. The Kaiser said that been called "chronological Britain in 1914 had a "conhistory", for the organising temptibly small army" and principle is simply the order. not a "contemptible little in which events occurred. army" as invariably mis-Events (or at least those translated. The book is ther Balfour nor Asquith impact of "Spanish flu" in author's attention. 1918-1919, it gives appropriate weight to Turkey as few European historians do. passages both on the Bolsbevik Revolution and on the rise of Mussolini are vivid and beautifully written, and quo-

tations are well-chosen. There are also undeniable advantages from Gilbert's weight is given to a Franco-1909, often disregarded in pre-1914; parallels emerge hetween Austro-Hongarians bing disaster). The maps say and British, each allowing cal debate here, no acknowlmuch about the book's army officers to avoid seredgement of the author's prove (as Churchill put it in enabled the Allies to defeat

Nonetheless, facts just do

not speak for themselves -

there are too many of them. A historian has to select ruthlessly, and an author like Gilbert who eschews a historical "line" is arguably shirking responsibility for those decisions. Attlee thought Churchill's History of the English-Speaking Peoples should have been called "things in history which interested me". That judgment would be unduly harsh here, but this book is certainly the things in history that Gilbert thought important. Would anyone but the biographer of Sir Horace Rumbold give him more citations than Edward added together? (And even Lady Rumbold gets as many mentions as President Coolidge.) Naturally, Churchill's official biographer gives him centre stage, 10 citations in the first 200 pages, while neisplendid on the worldwide have yet attracted the

ore serious national thoroughly doom-laden content of "world history". Germany's responsibility for the Great War is not mentioned until austere chronology: due the peace treaty of 1919 (and there discussed without of the most mendacious German rapprochement in authorial comment), but the selection of pre-1914 quotadeterministic accounts of tions indicates the author's views. Yet there is no citation of a still-raging historiviews, and no concession to

were "at times" exaggerated history of propaganda) rather gives him away.

Gilbert may believe in German atrocities for another 1920), "what a terrible disap-

the alternative viewpoint. pointment the 20th century His casual remark that Gerhas been". Every famine. many's atrocities in Belgium epidemic, cyclone or fire, and every war is listed, with by the Allies (this being one full casualty figures, as is the annual toll of roadexamples of invention in the deaths. The Great War is given a rather old-fashioned slant, with little acknowledgement of continuing patriotism or of the tactical reason, his determination to advances of 1917-18 which the German army (the big-

gest ever victory by the Brit- steadily-improving life-qual- tinctly odd. But to fail to ish army, though you would nian massacres are given with detail that verges on the pornographic; those who enjoy reading about severed hands will find much to titillate their taste-buds.

Most chapters offer token relief in one final paragraph on technical innovations, but there is no sense of the

ity. Token paragraphs on the not know it here. Accounts arts and on Olympic sport do of Balkan wars and Arme- not help either. The examples chosen are eccentric. and make little difference to mentally gloomy book. To art exhibitions which Virnote that Copland's first ginia Woolf thought to been symphony was published in the birth of the modern 1925 (one that even textbooks do not mention) while ignoring the existence of Strauss and Mahler is dis-

mention Diaghiley, whose Russian ballet revolutionised dancing, classical music and design before 1914, or T.S. movement, or the modern world, is to display a very limited, front-page readers perspective of what the ear-

Lucas, Emin, Gillian Wear-

ing, the Wilson Twins - five

in-your-face, young-ish female artists with no

shame. Who do they remind

But while the Spices have

delighted millions and will

leave a warm memory when

their 15 minutes of fame has

past, the young Turkettes of

the London arts scene

prance around for the

delight of just one man.

Saatchi, and will leave little

behind - not even their cre-

ublin is chic. The city is rotten with pop stars, its hotels stuffed with Hollywood babes and studs. The famous seem to view Ireland's capital as a rest and recreation centre a good place to recover from the third marriage break-up or overcome the stress of nearly winning an Oscar.

lin is no Wiesbaden. It warning. The city can Coyne is a tough Dublin cop impose considerable physical and pyschological demands. Breakfast collides with of crime. Carmel, his wife, lunch and flows into dinner. has artistic pretensions and Brains become addled, livers can't stop lovingly langhing pickled. Laughter turns to at her husband's absorption tears. A fog descends.

Then there is the other Dublin, the city described by complicated man in Ireland. Dermot Bolger and Hugo Hamilton, a place that is bled expression of a man never mentioned in the tour- with an indeterminate misist guides literature. Here is sion. He was no messer. He a cross between 1920s Chi- was waiting for a crisis, cago and back-street Naples. some apocalyptic occasion There is gangsterism and when he could really come mindless violence, raping into his own. 1916 might food, something that would and pillaging, a city awash have been a good year for with drugs. If I were head of him, but he was born half a Dublin tourism I would seize century too late, looking all copies of these books and ahead to the next major his breath and a slight disti-

Headbanger revolves

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Fiction/Kieran Cooke **Underside** of Dublin

This is most peculiar. Dub- Coyne, a vigilant and valiant sages. Coyne's arch enemy is member of the Garda Sioshould come with a health chana, the Irish police. who sees the world around him sinking into a quagmire in criminal matters.

"Pat Coyne was the most He bore that slightly trouevent and resenting the comthough all the humour and laughter in the country was denying the presence of real

Hamilton engages a serious subject with a deft light- his mission to clean up the eign film and pop stars scur-

from the beginning, Carmel

devoted to sorting out the

round the character of some lively descriptive pas-Berti Cunningham, a thoroughly unsavoury character. "Where other crime lords needed a drink before they went out on a job, Berti Cunningham, or the Drummer as they called him, needed

> HEADBANGER by Hugo Hamilton Secker & Warburg £9.99, 230 pages

FATHER'S MUSIC by Dermot Bolger Flumingo £16.99, 388 pages

some really evil piece of set off a vicious clash of gastric fluids, leaving him with the stench of a tannery on guration at the edges of his placency around him, as mouth that only barely concealed the boiling bile."

Dirty Harry part Clouseau disaster underneath. Right through the grimmer parts grandfather - or watching of Dublin: its tacky nightcould see that he was clubs, its drug-filled tenements. There is violence but very nasty picture of Dublin also humour as Coyne and its crime kings. It's becomes more obsessed with enough to send all those for-

shown in earlier novels such as The Last Shot that he is one of the most entertaining of modern Irish writers. Headbanger will reinforce that reputation.

Dermot Bolger is more hard-edged than Hamilton. Father's Music tells the story of Tracey, a 20-year-old London bed-sit girl who spends her weekends getting drunk. stoned and having one night stands and her weekdays temping in corporate typing

Luke is an Irish Don Corleone who runs a London tiling company as a cover. Tracey and Luke have lots of sex. There is also plenty of violence as Luke takes Tracey back to Dublin and introduces her to his gangster fa<u>mil</u>y.

yarn, the character of Luke, at one moment vicious hood, the next gentle patriarch and lover of the most esoteric forms of traditional Irish music, is a little unbelievable. Also, the plot occasionally loses itself, particularly when Tracey and Luke take off to Donegal. Tracey is searching for her father, a legendary fiddler, but it is not entirely clear whether Luke is helping Tracey in We go with Coyne - part her quest, searching for a turbot to send to Tracey's

out for a drugs shipment. Father's Music paints a ness of touch. There are world Hamilton has already rying back home.

limey - Matthew Collings has certainly let the cat out of the bag (and the shark out of the formaldehyde) with his insider's account of the contemporary London art world, or rather that tiny part which revolves around Damien Hirst, Charles Saatchi and the Turner Prize.

Anyone who felt stupid at not understanding, let alone liking, Sarah Lucas's installation of a table decorated with a kebab and two fried eggs, or Tracey Emin's embroidery containing the names of her lovers, and all the other shock-horror artifacts coming out of East End at the centre of Britart, may lofts, will feel much better after reading Collings' breezily written exposé: the whole While Bolger tells a good an opportunity for a group of other around galleries and show off, and perhaps unset-

enough to provide them with travel grants. Collings, a minor player style he conveys the immedion the scene, is the perfect acy, but also the lack of subguide. We soon realise that stance, behind the art disthis is not art in any histori- cussed. cal sense but a series of artifacts solely designed to give the viewer a quick thrill. If they don't, it shows a lack of imagination on the part of an illicit admiration for an

Duchamp exhibited a urinal

such art has a very short speering. They are good at

Designed to thrill

shelf-life. The way in which he dismisses art movements and artists of the previous generation is very reassuring. He obviously thinks that Hirst, who he rightly places

BLIMEY by Matthew Collings 21 £19.99, 212 pages

have peaked already. He creates an introspec-

tive world of a score or so thing is just one big party, artists, vainly chasing each Bright Young Things to studios, desperate for the next drink and bit of gossip, tle the art establishment all hoping to catch the eye of one man, Charles Saatchi. By writing in a throwaway

Occasionally he wrestles with definitions - is the art Expressionist or Conceptualist? Sometimes he admits to the spectator. Since actual painter, for Malcolm Morley or Francis Bacon. 80 years ago and called it But he soon comes to his art, creativity, for lazy art- postmodern senses and ists, is what the artist affirms that since 1990 it has thinks; the viewer can go all come down to one thing: art must be ironical. The art-Collings also knows that ists stand outside society.

making pointed or obscure asides on contemporary life from their East End eyries. Any form of commitment political, emotional, personal - is beyond them.

One of the delights of this breathless, beautifully illus- ations. These usually have a trated book is that Collings built-in obsolescence and, to ends with two powerful pas- ensure their immediate sages that destroy all his invisibility, are not designed efforts. One shows how Saat- to be enjoyed at home, but to chi dominates this puny be stored away in a museum world, the only significant basement. Every century buyer, sweeping up entire gets the fin-de-siècle it shows in the hope that one deserves. The 20th somehow of the artists might have asked for an art movement staying power. The second which puts cynicism, satire finds Collings in the Prado, and shock before beauty. admiring the work of Velas- truth and emotion. quez and Goya, real artists. and not daring to make comparisons, or draw conclu-

Antony Thorncroft

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Adrift in a labyrinth of mystery

Harry Ritchie on an outsider's quest to explore the taboo subject of modern India's eunuchs

Zia Jaffrey witden, baffling entry of a strange group of hangers-on. They seemed to be men but were dressed in ful contacts. The "experts" saris. They hadn't been invited but took the chance to yell obscenities, jeer at the male guests, and make an infernal racket which was allegedly some sort of musi-cal performance. Who on earth were they?

Eunuchs, was the answer. Eunuchs who always knew when a wedding was about to happen and would turn up, make a loud nuisance of themselves and receive money in return for their supposedly bringing good luck, but really for ensuring their departure. Taken aback by the appearance of people commonly assumed to have become extinct along with the harems. Zia Jaffrey resolved to investigate the world of India's eunuchs or "hijras", as they are

Any aspiring eunuch-investigator would not need long to compile a list of pressing questions - who, why, what, when, how, to name but five. However, as Jaffrey very quickly realises. finding answers to any questions about hijras is not so much difficult as almost

India show no curiosity or interest in the hijras, regarding them, if at all, with shocked distaste. Jaffrey, by contrast, wants to pursue her fascination because she is not straightforwardly Indian but is an American with an Indian background (she is the daughter of Saee

rian pornography, which pur-

ported to initiate the reader into

the titillating secrets of some

far the worst thing

about this book is its

title. It sounds like one of

those classics of Victo-

assing by a wed-sider also means that she frittering around and would ding in Old Delhi, finds herself in a pickle. have welcomed a few specifencroaching on a taboo area, unintentionally causing offence at times, and having to rely on friends of friends of friends as potentially useshe unearths are themselves uncertain of the most basic facts about India's eunuch population - estimated by the experts to number some where between 50,000 and

> Eventually, Jaffrey secures the services of a cou-

THE INVISIBLES by Zia Jaffrey Weidenfeld & Nicolson £15.99,

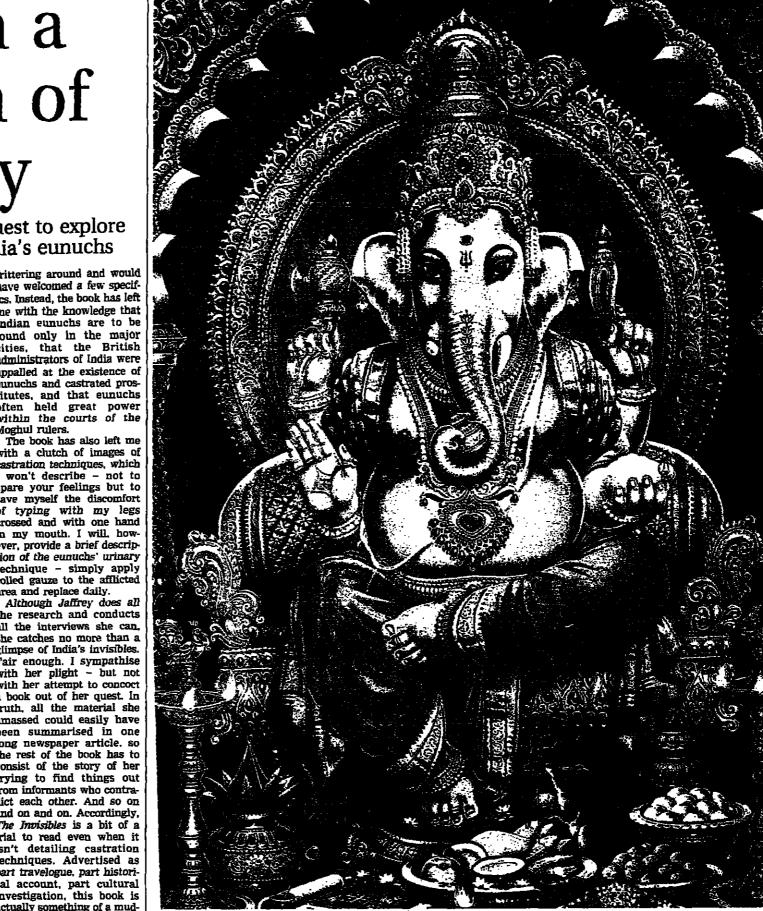
ple of policemen who know the local eunuchs (whom the police use as sources of information because the eunuchs' network of gossip and information is very strong - hence their abrupt, uninvited appearances at weddings). But even after she has chatted with the cops, and with some eunuchs themselves, she finds that facts are still hard to come by.

At what age are the eunuchs castrated? By whom? Do some boys want to become eunuchs or are many of them kidnapped? Are any of them prostitutes? The answers Jaffrey receives For a start, most people in are various and variously contradictory, for the eunuchs live in a closed world and have, as it were, much to hide: the author soon finds herself wandering around a labyrinth of vagueness, evasion and mystery. which she considers typically Indian.

May be so. But my own mundane western mind hankered after a stop to all the ics. Instead, the book has left me with the knowledge that found only in the major cities, that the British administrators of India were appalled at the existence of eunuchs and castrated prostitutes, and that eunuchs often held great power within the courts of the Moghul rulers.

The book has also left me with a clutch of images of castration techniques, which I won't describe - not to spare your feelings but to save myself the discomfort of typing with my legs rossed and with one hand in my mouth. I will, however, provide a brief description of the eunuchs' urinary technique - simply apply rolled gauze to the afflicted area and replace daily.

the research and conducts all the interviews she can, she catches no more than a glimpse of India's invisibles. Fair enough. I sympathise with her plight - but not with her attempt to concoct a book out of her quest. In truth, all the material she amassed could easily have been summarised in one the rest of the book has to consist of the story of her trying to find things out from informants who contradict each other. And so on and on and on. Accordingly. The Invisibles is a bit of a trial to read even when it Isn't detailing castration techniques. Advertised as part travelogue, part historical account, part cultural investigation, this book is actually something of a muddle. And, unhappily, though appropriately enough, it



ided, broken-tusked Hindu god of wisdom, is associated with prosperity and his blessing is sought at the Inauguration of any new enterprise. In this devotional image he is painted characteristically laden with the ornaments of a major deity: one of many illustrations and photographs from Traditional Jewelry of India' by Oppi Untracht (Thames and Hudson 255, 431 pages)

Divided they stand

Edward Mortimer on why the Turks try to keep the ethnic genie bottled up

"mysterious east". Luckly the book itself is not at *Modern Turkey* (1961) than any- of 20th-century political orders light of recent developments to soon after Necmetting Erbakan, il like that. The authors, both thing that has appeared in nearby, including the Iranian which the book devotes ample leader of the neo-Islamist Welfare all like that. The authors, both English since.

experienced journalists long resident in Turkey, do not dwell on the country's exotic or outlandish features. On the contrary, they perform an admirable service in presenting the Turks as normal and likeable human beings, with whom western readers should not find it difficult to empathise. This is in fact precisely the good, readable introduction to

Turkish politics which has been cruelly lacking for at least a generation - a generation during which the country has opened up to the outside world and has discovered a new pluralism and dynamism. The authors would not claim to rival the scholarship of Professor Bernard Lewis, but their work comes nearer to replacing or updating his Emergence of

n the 1970s, a small but

noisy campaign was

organised in Britain

Lunder the slogan

"wages for housework". Its

aim was to have housework

recognised as a form of man-

tive, in that they revealled

just how little serious

thought had been given to

Some critics claimed that

housework wasn't a real job

at all but a minor chore

whose requirements had

been exaggerated by bored.

discontented women who

used it as a way of filling

their time. Although this

view was most popular with

sceptical men, it also had

resonance with feminists

like Barbara Ehrenreich:

"Housework-as-we-know-it

was invented around the

turn of the century for the

precise purpose of giving

middle-class women some-

thing to do." she wrote in an

Others argued that if

ing constituted "work" as we

normally understand the

word, it was perfectly legiti-

mate to get round the prob-

lem by employing someone

else to do it. Yet few people

seriously believed we would

ever reach a point at which

the state would intervene

and pay wages to women

essay on the subject.

work in the home.

They do not pull their punches

in describing the unpleasant aspects of recent Turkish history. of which the worst, needless to say, is the gratuitous savagery visited on the south-east of the country and on almost anyone who has tried to articulate the feeling of Kurdish identity - a policy which unfortunately seems to be self-perpetuating and self-justifying since it drives a steady stream of recruits into the ranks of the ruthless Kurdistan Workers' Party (PKK).

But even here the Popes manage to give the reader a sense of the insecurity that lies behind this tragically ill-judged reaction. "The general staff," they write, "have been scared by the collapse

monarchy, the Soviet Union and the Yugoslav federation. They feel strongly that Atatürk's state faces the same threat. Negotiating with

TURKEY UNVEILED: ATATURK AND AFTER by Nicole and Hugh Pope

John Murray £25, 373 pages

ethnic Kurdish rebels is out of the question, they say, pointing at the break-up of their socialist neighbours once the ethnic genie was out of the bottle."

Of course the reference to "unveiling", coupled with the name of Atatürk in the subtitle. involves a deliberate double entendre, but a perverse one in the

space. Mustafa Kemal Atatürk, the republic's founder, did actively discourage the veil and even banned women from covering their beads in public buildings. But now veils and headscarves have blossomed on urban and even middle-class women, whose mothers would not have dreamed of wearing them 10 or 20 years ago. "Turkey re-veiled" might almost have been a more

appropriate title. Those headscarves are the most visible aspect of a public reassertion of Turkey's Islamic identity which has been one of the most striking, and most contentious. feature of the last few decades, and has now moved to the very

centre of Turkish politics. The Popes finished their book

of it.

freedom test.

he a recent Russian refugee

(actually a Ukrainian born

in Kharkov), but he had a

tremendous grasp of vernac-

ular English. A witty, bom-

bastic writer on Krokodil

magazine, whose father was

a nuclear physicist and

mother a chemical engineer,

he was befriended by the

Guardian newspaper, by

Clive James and Peter Usti-

nov, feted by television, and

turned into a celebrity. Jobs

Then he made what he

calls the biggest mistake of

his life. He settled with his

wife and son in Australia.

The world's largest island

gave him acute claustropho-

bia and he came to hate the

"ruinous" egalitarianism of

that country. He returned to

and money poured in.

Party, took office last year at the head of a coalition government. Like many other foreign wellwishers, they hoped that this event heralded a "Turkish-Islamic

synthesis" which would enable

Turks to escape from a dangerous

polarisation between secularists

and Islamists.

Alas, it had if anything the opposite effect. Although Erbakan, knowing he was in office rather than in power, avoided any direct challenge to secularism, the mere fact that his government did not fall apart in its first few months was enough to cause panic in the establishment, prompting the armed forces to intervene overtly in the political process, egged on by many

intellectuals and politicians who

sincerely think of themselves as democrats.

Now his government has fallen. while the forms of parliamentary democracy have been preserved, civilising ventures and by Much of the Turkish elite has his compassion. The breathed a huge sigh of relief, but sufferings of the Congo's this may well be premature. While it is true that Erbakan's government must have been a disappointment to his supporters, he has managed to avoid responsibility for any unpleasant economic decisions and can argue that others prevented him from carrying out his programme. And whatever his own feelings on the matter, many of his supporters are bound to conclude that democracy, at least in its present form, has noth-

ing to offer them. So the book ends on a slightly more hopeful note than its authors would probably have struck if they were finishing it now. It is none the less very timely in that it makes these worrying developments much more intelligible, and gives one a sharper insight into the hopes and fears of Turks on both sides of the

Tortured with sometimes well. But for feather dusters

ual labour which deserved remuneration like any other no job apart from mopping out by servants in grand tob. The uneasiness and outfloors and hanging out the right derision prompted by washing. the campaign were instruc-Central to the unanswered

question about whether housework counts as "real" work is its link to women's role in the home. In that sense, any history of housework is inevitably a history of women since they are the ones who accept responsibility for the smooth running of the home, and take the decision whether or not to employ a cleaner.

BITING THE DUST: THE JOYS OF HOUSEWORK by Margaret Horsfield

Fourth Estate £14.99, 292 pages

Margaret Horsfield's book Biting the Dust is a welcome attempt to make some sense cleaning, polishing and dust- of a difficult and neglected subject. She is aware of its complexity, opening her first chapter with an anecdote about how difficult it is to persuade women even to discuss their attitudes to house-

Horsfield persevered however, and her research charts the gradual shift from who stayed at home and had housework as a job carried

done in suburban households by women with an array of labour-saving gadgets - vacuum cleaners. floor polishers, dishwashers and so on. "A job you can do in your evening gown!" proclaims an advertisement. probably from the 1930s, in which a beaming woman in a slinky dress chucks a substance into the toilet bowl. What the changing advertising images reveal is housework's rising and falling status, depending on who is perceived as doing it, from this smart suburban hostess to the smiling mum in 1960s advertisements for floor

establishments to something

Many of Horsfield's arguments, such as her recognition of the link between cleanliness and godliness and the special burden it placed on women, are convincing if rather obvious. Where the book disappoints is in its chirpy tone, more suited to magazine journalism than a full-length book, and its avoidance of deeper questions.

cleaners.

Her chapter on housework and men, cheerily entitled "Looking for Mr Clean", admits that "men do clean,

many women, myself included, the problem is that they do not clean in the way we do, not as often," She then becomes anecdotal rather than tackling the fascinating question of why men and women appear to have different standards of cleanliness in the home. Is it social conditioning which leads them to believe, at an early stage in their development, that cleaning is women's work?

An equally interesting possibility, not canvassed in Horsfield's book in any detail, is that men have a different relation to their surroundings: that their boundaries are drawn around the physical self while a woman's indentity somehow . extends to embrace - and assume responsibility for - the space around her.

If this is the case, the attitude could just as well be an acquired response as anything biological, and has implications for how we bring up children. This is not the kind of question that interests Horsfield, whose own ambivalence is reflected in her book's sub-title. "Joy" and "Housework" are not an obvious conjunction; anyone who willingly connects them deserves a place in Barbara Ehrenreich's feminist hell, "tortured eternally with feather dusters".

Russian iving in a free society is a messy business. Vitali Vitaliev, soul with a Moscow journalist who left the moribund Soviet Union in 1990, should a sharp know. By his own account, he made a pretty good mess pen In his latest book, behind a hodge-podge of anecdote

and taproom philosophy, Vitaliev is trying to underwith the temptations of stand what liberty means, to vodka, the mail-order catatot up its cost to the uninilogue and the credit card for tiated. With candour, company, he fell on hard humour and a dash of times - so hard that he was self-pity, he describes how reduced to buying The close be came to failing the Times of a morning. He went into debt, thought of Vitaliev arrived with marspicide and was saved by ketable assets. Not only was the woman he calls

> DREAMS ON HITLER'S COUCH by Vitali Vitaliev Richard Cohen Books £12.99, 277 pages

"Cricket". She threw away

his baggy Russian suit. Vitaliev is a very lively writer, but his book is as confused as the life it describes. There is a lot of repetition (for which the editors must take the blame) and too much elaboration (the relevance of Hitler's putative couch, which Vital-

iev finds in a Tasmanian boarding house, is obscure). But as the author staggers down the primrose path, boastfulness giving way to London; his wife and son the mournfulness, one can-Ioan Smith stayed behind. Left alone not help warming to him.

He has a capacity for strong emotion, a talent for observation and a knack with metaphor; he likens the English summer's sudden appearance to the intrusion of a bikini-clad blonde into a Pall Mall club; he describes memory as a dusthin which "the amnesiac dustman, the brain, chronically forgets to empty." And he can write a beautiful description when

Vitaliev's snapshots of the

he wants to.

old Soviet Union are more compelling than his jocular pictures of the west. The characteristically bleak Soviet countenance he calls "the seal of oppression". The regime in which "reading was almost as creative as writing," undermined itself, he suggests, by circulating cheap copies of literary classics. His own failure to become an elite "shock worker" he jokingly attributes to the fact that he was "in a state of continuous shock caused by the Soviet reality."

But Vitaliev's currency as a commentator on the bad old days is probably exhausted by now; nor can he for ever play the wide-eyed shopper in the Freedom Mart. Having become a westerner - better still, a Londoner - he needs a niche of his own making. Given a sharp English pen more than bridges, and a deep Russian soul, companies and widely and a deep Russian soul, why not a big novel next?

Christian Tyler | Martin Mulligan

Rereadings Values of the jungle

FINANCIAL TIMES WEEKEND AUGUST 2/AUGUST 3 1997

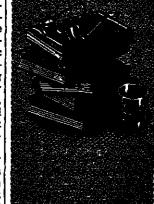
European is no longer what it was in the late-19th century. Joseph Conrad's own *Cong*o Diary is published along with *Heart of Darkness* in the Penguin version I chose from the many paperback reprints. An illuminating extract is dated Saturday July 5 1890: "Today fell futo a muddy puddle. Beastly. The fault of the man that carried me. After camping went to a small stream, bathed, and washed clothes Getting jolly well sick of this fun." Hammock bearers are now harder to find.

Cinema has given Conrad's Heart of Darkness a much wider readership than its seafaring author could ever reasonably have expected. Undergraduates in the late-1970s argued vehemently over the aptness of casting Marlon Brando as the book's sinister central character Kurtz in Coppola's Apocalypse Now, a war movie reworking of Courad's book filmed in Cambodia. So what exactly happens

in Heart of Darkness? Man of high ideals and great intellectual gifts joins the late-Victorian scramble for Africa, Enters the Congo. Jungle and its natives awaken atavistic desires in him, he becomes their leader, officiates at unspeakable ceremonies in "the utter solitude without a policeman". Goes mad, is carried off by tropical fever. That is the plot of the book in a nutshell.

But part of the wonder of this classic is that it is proof against precis. There are no other words to the same effect as the 40,000 words of Heart of Darkness, Conrad's technique is impressionistic As his narrator Marlowe points out, "the meaning. [is] not inside like a kernel but outside, enveloping the tale which brought it out as a glow brings out a haze." Meaning is communicated by atmosphere.

Rereading the novella after nearly 20 years, I was struck equally by Conrad's deep cynicism about



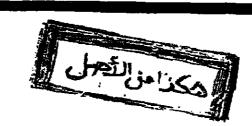
natives are sharply drawn the chain-gang miners whose condition recalls the slave trade, the starving cannihal crew enlisted to protect the steamer for the trip unriver to find Kurtz. even the spear-throwing tribespeople terrified by the steamship's whistle.

At the risk of sounding like an Oxfam copywriter, would say that Conrad feels the sagness of a continent: the missed cultural opportunities as a result of the colonial interlude: the benightedness; the bewildering, avoidable suffering. Heart of Darkness is the work of a man who

had compassion fatigue long before it became fashionable Conrad's estimate of London is also deeply cynical Heart of Darkness is e book by a man who hates London. This hatred is carefully concealed. Marlowe lulis his listeners – a company director, a lawyer, and an accountant, togethe a microcosm of the city into a bogus sense ofsecurity early in his tale as they hear him out at dusk on a boat moored in the Thames estuary. Night falls as he tells of his encounter with the deprayed former idealist Kurtz in the black

heart of the Congo. But by the dying sentences of the novella the attentive reader associates the heart of London itself with the place Marlowe has been describing. The burden of Conrad's tale is that true civilisation requires much

available cofe intle.





STUST 2/AUGUST 3

the later only stand venement werther of casting Marion Rate the book a violater car character - Litz wife Appending har on a na movie rem dang doe book files in Cambre So what sheet cap in Heart & Darkney's high ideas and great inteller of presones late-Victoria: Scrape Africa Entire De Ing. Jung .- 1:12 in Hality SWENCE DESIGNATION han he to be been leader inflotaterati unspecial and steme "the utter Allert क्षेत्रेरकात्रकः । केन्स्र<u>क्त</u> mirred no comp That is the published But som time te this class, is there-Baddest Tress Torre

As his outrout Masset, promise in the second Jespatt validadesiz but care to enterior in armin aire Mark of the Date & his the



The second second

فتشتع والمسائد والم



Portraits which speak for themselves

Antony Thorncroft reports on some exciting new developments in Trafalgar Square

reaction was, "Oh, that ground floor. awful morgue!". Later, as director, Sir Roy was able to breathe some friend Cecil Beaton.

But the location of the NPG, wrapped round the rear of the National Gallery in Trafalgar. Square, has hardly helped it become the power bouse of London's cultural life, and its current director Charles Saumarez Smith is admirably direct when he described its current status as "just below the parapet".

However there are signs that it is starting to clamber on to the roof commanding a much more visible presence. Saumarez Smith

places as far apart as Telford and

"You mean Brixton/Tash-

The point - and it emerges viv-

idly from the three-part series

Planet Islam which starts on

all over the world immigrants are

challenged and insulted when

their appearance sets them apart

from the host population. Told to

go back where they came from.

they prove, as often as not,

to be second generation immi-

You might assume on seeing

series devoted to the worldwide

ism, the consequent threat to

western liberal values exemplified

by the fatwa against Salman

Rushdie, the threat to Christian-

ity, and the rapid emergence of

Islam as a substitute for "The

Evil Empire": a target for the fear

and loathing of western xeno-

All that might make an interest-

ing series (though television has

already covered such matters in a

piecemeal way) but it is not really

the subject of these programmes.

Instead what we are shown is the

way in which black or brown com-

munities in France, Russia and

the US all find a multiplicity of

benefits in Islam. Amid a sea of

hostility it provides a sense of

community and tradition; bolsters

brotherhood: focuses attention

onto a shared purpose; acts as a

receptacle for and expression of

anger; and enables the believer to

feel that there are ways in which

he is superior to the original pop-

Tomorrow's programme is con-

cerned entirely with France.

which now has a Moslem popula-

growth of Moslem fundamental-

you came from?"

kent/Lille/Chicago

n the 1960s, when Roy after the completion of a major Strong told people that he NPG development, which gave it a worked at the National Por- separate administrative block and trait Gallery the common new 20th-century galleries on its

The appeal of these contemporary portraits ensured that in his life into the mausoleum, mainly first year the NPG doubled its visby widening the gallery's collec- itor numbers, to 1.1m. They have tion to embrace contemporary fallen slightly, to 809,000 in 1996, worthies, and by organising but now a double burst of activity ground-breaking photography is underway, one offering immedi-exhibitions, most notably by his ate benefits, one longer-term, make an even greater impact on the public.

. Visitors to the gallery can now borrow an audio guide which gives them an incisive commentary on the subjects of around 500 of the portraits in the NPG, a quarter of the stock on show. The NPG is following the Tate and the National Gallery in introducing audio guides, but it feels it has

improved on their versions. It has one natural advantage: wherever possible, the portrait took over in January 1994, just can be heard speaking. It adds

imperious, deeply regal, voice. gratulating Edison on his invention of the telephone.

ome of the voices are a surprise - Virginia Woolf has a duil delivery; H.G. Wells is high which should enable the NPG to Keynes over-refined. Some of the recordings offer historical insights, such as Baden Powell explaining the meaning of the wolf cub mantra, "dyb, dyb, dyb". Earlier personalities are brought to life by readings from their letters and diaries. Modern subjects, like Alan Bennett, Germaine Greer, and Bobby Charlton, describe how they felt while being

> The 100 sets available are free to users (the NPG is opposed to admission charges), but a donation is expected: this should cover

her old Crimean veterans in an by the newly instituted corporate work starts in the autumn for membership scheme, which is Gladstone, too, can be heard, con- already contributing £170.000 a year to the gallery's funds.

The other, more momentous development is the deal with the National Gallery, under which the NPG gives its bigger neighbour its under-used east wing in return for the courtyard at the rear of the

the NPG to offer a more welcoming aspect, with its front hall opened out to encourage visitors. by way of an escalator, up to a moment only a quarter of visitors make it up to the great Tudor and Stuart portraits on the upper

The £15.9m development also finds space for a lecture theatre in the basement and a cafe on the roof. It is all made possible by a £11.9m contribution from the beri-

greatly to the impact of Florence much of the running costs. The tage lottery fund. The remaining vidual Friends organisation for Nightingale to listen to her greet installation was largely financed £4m has been quickly found and the NPG. completion in the spring of 2000.

With the London gallery sorted

out for the immediate future. Saumarez Smith can look at the NPG's out-stations. It manages to display another 2,000 objects from its 7,000 strong collection in counbrough, and Bodelwyddan Castle, are voting with their feet. and is now contemplating finding Saumarez Smith is also Into this space a new gallery a fourth, urban satellite to take will be inserted. This will enable some of its over-flow of 20th-century portraits. If negotiations with a local authority are successful the new site could act as a focus for a weak area in the NPG's portnew Tudor gallery. At the folio - the famous captured on film and video.

Of course all such developments depend on money, and like all major museums the NPG has suffered a squeeze in its grant, losing around £200,000 a year. Corporate friends have made good most of

The success of the National Portrait Gallery flies in the face of contemporary artistic fashion. The portrait raises little interest at the cutting edge; yet the annual BP Portrait Award is always the NPG's most popular exhibition, attracting 147,000 visitors this try houses, at Montacute, Bening- June, a rise of 30,000. Art lovers

placed to build on Roy Strong's legacy of scholarship plus popular culture. Last year a specialist show. The Art of the Picture Frame, ran alongside the Bohemian photographs of John Deakin. In the autumn Raeburn will be in the upper galleries, while Bruce Webber, photographer of muscular young men, will be on the ground floor. Despite, or perhaps because, portraiture goes back two millennium, it retains a strong hold over the public imagithe damage, and Saumarez Smith nation, a hold that throws an ink is now planning to launch an indi- pot at artistic correctness.

Theatre Men of mode

atthew Warchus's production of Yasmina Réza's play "Art" is one of the triumphs of the West End, where it has been running at Wyndhams Theatre since October, and the new cast of three men - the third - is the best so far. The play does not pall on re-seeing; far from it.

Nonetheless, "Art" has been widely misunderstood. It is not really about art. And it is a comedy only in the way that Molière's The Misanthrope, that heartbreaker, is a comedy. It is, in fact, much more like Molière than most English stagings of Molière; I love the tension between the raging civil warfare of its characters and the classical polish with which they speak. But the play is full of ambivalence. Often, you cannot laugh with the majority of the audience because what has just been said is too painful; and amid an apparently serious scene, you find yourself laughing alone. The different times that the audience laughs are the surest signs of this play's multi-level grip.

"Art" is about men, apparently civilised men, and about their values, and the power-struggle between them. Serge buys a white-onwhite painting for Ffr200,000, nearly bankrupting himself to do so. Is his admiration for it sincere? Or is he just trying to be modish? His friend Marc not only finds the painting bogus, he also finds Serge's admiration bogus. But then Marc doesn't believe "in the values of modern art - the value of novelty, of surprise": and he also feels Serge's divergence from him on this painting indicates a larger divergence from his influence - feels that his own power has been dimin-

ne irony is that. although sounds absurd Serge when claims that the painting is not actually white, it is so lit that we can see the other colours he claims are there. Another irony is that although Marc's statements on this painting and all art are hostile, old-fashioned and dictatorial - he assumes that art must be touching, and that it must represent something - they sound sincere as Serge's seldom do. Serge is intelligent. up-to-date, quixotic; but he is also obsessed by fashionable theory.

Between these two is

Yvan, who is common-sensible. conciliatory, feckless. and helpless. He is concerned with such merely ordinary matters as the preparations for his wedding, the fact that his friends have badly injured his ear when he tried to stop them fighting, and his conviction that a friendship should not break down just because people display different beliefs. Needless to say, the other two bully him more than they do each other. Appalling things are said, and all three sides of this triangle of friends reach the point of breakdown.

The new cast - Henry Goodman as Marc, Roger Allam as Serge, Stanley Townsend as Yvan - catch yet better than their predecessors the classical formality of the dialogue. Townsend is a superb Yvan; he brings a force to the comic pathos of the role that is marvellous. Allam's suave, urbane relaxation brings out the ambiguities in Serge; he really may be the poseur that Marc finds him to be. And the chilly control of Henry Goodman's acting is perfect for Marc; we see the anxiety behind it, the need for reassurance, the impressive sincerity, and the dangerous charm. The interaction between the three could not be bettered. The pacing is virtuoso, and a great tribute to Warchus's direction. Just to watch the three eat olives without a word - in context, a classic scene - is a great treat.

> Alastair Macaulay

SHAKESPEARE'S GLOBE THEATRE Opening Season

BO 0171 316 4703 (24 hrs) 0171 401 9919 Henry V The Winter's Tale Tues-Sat at 2pm and 7.30pm

27 May - 21 September 1997

he sooner the various Television races of homo sapiens inter-breed to produce a Lifting the single global population with uniform khaki skin, the better. Until that happens it seems veil on that the same sort of snarling exchange will continue to occur in Moslem Tajikistan, Nanterre and Nan-"Why don't you go back where settlers

expanding National Front party. This appears to gain much of its popularity with white French vot-BBC2 tomorrow evening - is that ers from its willingness to go into areas such as the Picasso Estate in Nanterre, inhabited by a high proportion of Moslems, and say "Our ways of life are different. We cannot live together. Go home!" When it comes to the wearing of the veil (headscarves actually) grants who were born just up the Moslem schoolgirls' teachers argue that the French fought a revolution in the name of equality the title Planet Islam that this is a and the veil symbolises the subjugation of women.

he programme makes clear the doubtful nature of the arguments on both sides, and the multiplicity of sub-texts. Do these girls wear their scarves solely out of profound religious conviction, or is there an element of provocation, closely akin to the wearing of colours by adolescent gangs in Chicago? Do the teachers oppose them because they really believe in women's freedom or because they privately sympathise with the National Front and want to rid their schools of immigrants? There is good use of flashback to newsreels from the time of the Algerian war to remind us of France's imperial past, which is largely responsible for today's sitself esteem; creates a feeling of uation.

Next week, the series moves to Russia for a programme which puts the whole of the communist experiment into deep perspective. The re-emergence of Islam as a religious, social and political force in the steppes of central Asia makes you realise the relative insignificance of the experiment in Marxist-Leninism between 1917 tion of five million, and a rapidly and the fall of the Berlin wall,

when measured against the truly great movements of history. Having visited the Kremlin and been lectured on the multifarious symbols on its buildings, it is a little shaming to have to wait for this programme to understand the (simple and obvious you may think) meaning of the Russian orthodox cross above the crescent of Islam on all those onion

The programme does a good job in showing how the contest for hearts and minds thus symbolised is now being fought all over again in Taiikistan with tanks and helicopters, and even closer to Moscow with building permits and rules about public holidays.

The third and final programme, set in the US, is the least striking and the least persuasive because the story it has to tell is the most complicated and the least like the others. In France and Russia the attractions of Islam seem to have much to do with the repressive and aggressive nature of the white host community. In the US the story has more to do with factions within the black commu-

First there is the use of Moslem teaching by fundamentalists who oppose the exploitation of black by black and what they see as a tendency towards black self-destruction. Then there is the major complication presented by Louis Farrakhan, leader of the so-called Nation of Islam, whose teaching and rabble rousing have inflamed the white community and been disowned by Moslem traditional-

without being simplistic, sensational, or getting the emphasis wrong is among the most difficult jobs in television. It is not mere chance that this excellent series has been made for the BBC by Barraclough Carey, one of the best independent television companies in Britain, or that the series producer is Phil Rees. He has specialised for years in making programmes on this subject, including the outstanding documentary Algeria's Hidden War.

Dealing with this sort of subject

Christopher

Radio/Martin Hoyle Rag-bag concepts in catch-all categories

who ask how Jimmy Boyle, sentenced to life in Barlinnie in 1973 but since rehabilitated as artist and media communicator, is faring as controller of Radio 4 will be as surprised as I to find that, even allowing for the original Caledonian concept of Jekyll and Hyde, we are dealing with two Jimmy Boyles. One is making amends for terrible anti-social deeds with a plausible commitment to the chattering classes, while the other . . . Ah, I

see the confusion. The BBC executive who announced Radio 4's changes at Wednesday's press gathering was no less Scots. James Boyle's spectacles shone with a 7th-century zeal as he declared "I have a covenant with my audience", apparently forgetful of

the century of strife ashered in by the last Scottish covenant. Juggled schedules was the burden of his lay. Of the dozen or so programmes abolished (not the rumoured 30) some were already shaky (Afternoon Shift, Week Ending), others (Does He Take Sugar?, Kaleidoscope) will have their subject-matter incorporated into bigger, heterogeneous formats.

Boyle passionately rejected the accusation of "dumbing down", though whether Melvyn Bragg's Start the Week, reduced to Melv chatting to one, or at the most two, guests, will avoid the achingly familiar celeb interview format remains to be seen. This is rare intellectual discussion surely worth keeping. Equally inexplicable is the disappearance of Medium Wave with its flexible

range, from privacy laws to media parliamentary coverage to tabloid intrusiveness; likewise Call Ed Stourton, a talking shop Dunkley on topical issues that matter.

that attends the discovery of small, out-of-the-way treasures? Poetru Please! will be subsumed into a "literature hour", one of those varied rag-bag concepts in which, inevitably, attention wanders. Last Sunday the original was as Celtic-flavoured as the rest of the week, with a haunting tribute to the Orkney-based poet George Mackay Brown. A reminder of poetry best described simply as beautiful; and an enquiry into the nature of belonging and identity, dependent on place, religion and tradition.

bullient chef and foodie

Ainslie Harriott's Ready, Steady Glasgow conjured up more of Scotland than Saturday's Ceilidhs, Cadillacs and Carnegie, Radio 2's look at the Scots contribution to America. Andrew Neil is no interviewer. His unoriginal, repetitive and predictable plod through Scots-American experts made for mind-numbingly dull radio which I eventually switched off. Substitute "Irish" for Scottish and you would be told the same thing. The Scots were responsible for everything American, it seems, from "Oh Susanna" to the American constitution, though the links between presbyterianism and the pursuit of happiness are not immediately apparent,

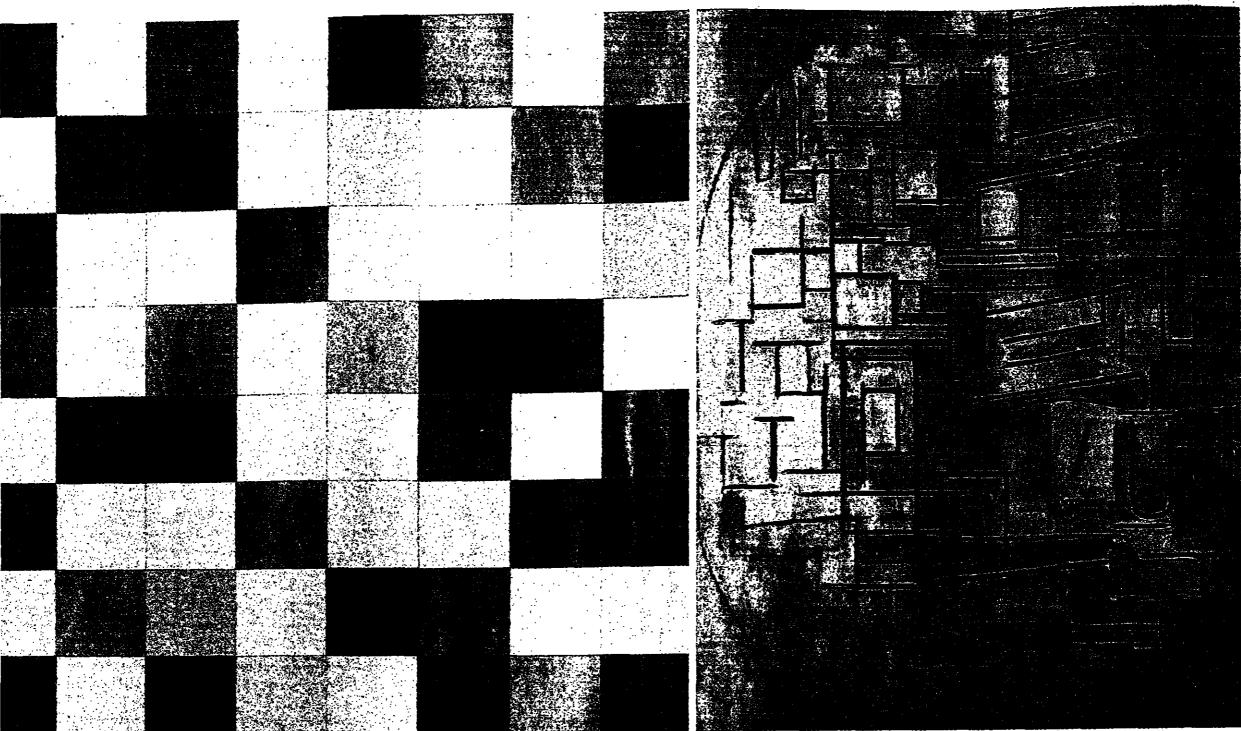
Back on R4, the guid Scots emphasis on education and self-improvement is marked by the imminent return of Round Britain Quiz and, in the longer term, a permanent slot entitled "Quiz (challenging/ cerebral)". Comedy, including the dread "satire", will still inforiate parents of young children, prompting arrogant put-downs by producers, at 6.30 pm.

are over. The catch-all category "drama" (including the wildly erratic so-called "classic serial") is allocated nothing longer than an hour. So much for real classics. As a sop, the return of This Sceptred Isle, taking our island story up to 1999, will be a genuinely popular move.

The real fear is not so much for programmes disappearing as that quality will suffer in those that remain. The slapdash slovenliness of the Today / PM axis referred to last week, for instance, shows no sign of diminishing, On Wednesday PM identified my colleague Ray Snoddy, the FT's distinguished media correspondent, as the paper's radio critic. He was doubtless as surprised, though surely not as flattered by the confusion, as I. The inability to know who you are interviewing promises lots of wacky fun for the future.

But then PM had more important things to bother about that day, notably a berserk little item on the party at 10. Downing Street. This gathering of pop singers, soap stars and TV cooks prompted some vintage whooping gush; from The independent, of which we expected better ("Tony would give a party for the whole country if he could"), and a near-hysterical woman from The Tatler who found it all too, too thrilling that Number Ten had finished with "fat sweaty trades unionists", adding with the logic of her kind that anything was more interesting than the

Our natty-suited spivocracy by middle management has found its own bland, flavourless, colourless cultural level. What is disturbing is the BBC's apparent enthusiasm for it. Don't send in the clowns, Jimmy. They're already here.



olors for a Large Wall', 1951, by Ellsworth Kelly; and 'Composition in Oval with Colour Planes', 1914, by Piet Mondrian, both at the Tabe Gallery

The epitome of cool coolest art shows in London this summer can forget about Shoreditch and give Soho a miss. Look no further than the Tate Gallery, where, in glorious

The works of Mondrian and Kelly are lessons in style, writes Lynn MacRitchie

ing blue Matisse-tribute shape which hovers over the white rectangle in "Blue Ripe", 1959.

Kelly also makes free-standing at the Guggenheim Museum in pieces which it is hard to think of New York: it is a superbly as sculptures - they still seem to installed show, the hang superbe paintings, just stepped down vised by the artist himself. It from the wall to allow us more easily to admire the infinite grabegins simply enough: the first dations of their perfectly toned room with its rectangles of red. yellow, blue and white cloth, a surfaces. As the simple rectanwhite square surrounded by a gles of the early works develop narrow edge of black, the green into the large, ever more care. The lurid pinks and yellows of Matisse's colours. Kelly studied to yellow stripes of a landscape fully contoured canvases and the "Large Landscape". 1907, in Paris from 1948 and situated seen from a train, the multicol- sculptural pieces, the rooms open indicate an energy beneath the his work within the European ingly possible, introduces a tenout "Orange Dark Grey Green" 1951, and "Painting for a white of 1986 dances across the wall on the Gein, Moonrise" takes this settle in New York in 1951, he fection, the subtle shapes in their wall", 1952, stating what were to like a Matisse cut-out, while paintings visible in the distance be continuing themes. "Window, Museum of Modern Art, Paris", resonate against those nearer in 1949, is a direct tribute to Mon- a glorious counterpoint of colour drian, complete with stuck on and shape.

Now the Kelly exhibition has grid of black wood strips. In the next room, things start been joined by a group of works by Mondrian from the collection to hum - the dazzling counterpoint of "Orange Red Relief". of the Gemeentemuseum in the 1959, the bold statement of black Hague, temporarily closed for next to white in "Bar", 1955, And there is subtlety, too, in the curv- tor of the Tate Gallery Modern continuing study of the natural

Riley made the selection, here in a series of tree paintings Looking at the early landscapes in the first room, all damp evening tones of dark brown and grey, it is almost impossible to conceive of their maker's eventual transformation into an orchestrator of pure primary colour. But Riley, who also supervised the hang, understands these things. There are clues. The lurid pinks and yellows of Matisse's colours. Kelly studied painting's calm surface, "Trees expressionist use of colour further. And the beautiful early drawing, "Farm with Trees and Water", 1906, and the painting "Geinrust Farm in the Mist", push the rectangle out into geobegun the same year, anticipate the discovery of Cubist pictorial structure: Mondrian finally saw the work of Picasso and Braque for the first time in 1911, the year restoration. Sean Rainbird, cura- he moved to Paris. After that, his

Collection and the artist Bridget world, beautifully represented wall, sets up a purple resonance from 1912, had an underlying purpose - the paintings' final escape from the visible world into the world of pure form.

Mondrian leaves off, his earliest pieces reworking Montradition. Returning to the US to allied his European studies to the developing American engagement with space. His canvases get bigger, reshape themselves, metric forms.

The work seems to need to address not just the coloured surface of the picture plane but the space around it. "Blue Red", 1966, a red rectangle laid on the floor joined to a blue rectangle on the

between them so surong it could be stepped in. The blue and white of "Blue Curve III", 1972, suggests the earth against the sky, the grey sweep of polished aluminum of the free-standing "Curve elly begins where IX", 1974, is a monument to shimmering serenity. The huge panels of the last room, all dated 1996. push things further. Can the drian's squares in curves grow so large and still keep their perfect proportion? sion where all had been calm perclear red, blue, green, yellow and black now pushed and extended

> Mondrian had his mannerist moments, but they came early. Work such as "Evolution", 1910-11, three panels with simplified female figures, tries to make some sort of universalist statement about the human spirit and fails miserably. "The Woods near Oele", 1908, heaves with queasy

to an almost mannerist degree.

portent. His sense of rhythm saved him. By 1912 he had picked up the beat of Cubism and danced with it ever after, never missing a step. The secret of Mondrian's work,

as Riley points out in her cata-

logue essay, lies in his contradic-

tory nature. He was a purist who loved to party, a recluse tangled in religious speculations who wrote articles in praise of nightclubs. His letters to friends, as Excess, here suddenly, alarm- well as recounting his struggles with concepts such as such as Neo Plasticism, kept them up to pleteness, to say, date with the latest dance crazes - the shimmy, the foxtrot and, in Paris, where he was an early fan of Josephine Baker, the Charleston. Fittingly, his masterpiece, painted in New York in 1942-3, which brings his purism and his love of syncopated rhythm into dazzling harmony, is called Broadway Boogle Woogle."

> The Tate show doesn't quite get that far. It remains rooted in Europe, the final works from ber 7.

site "Compositions" of red. yel low and blue on white marked out in black lines. This is where Kelly comes in paying his respects to these paintings in his early works, then souring away with all his New World confidence, that confidence which had so inspired Mondrian himself in his last years in New York, where he died in 1944.

So familiar now, reproductions of Mondrian's works have become modern art clichés. Seeing the real paintings, smaller and duller than they seem in those glossy books, it is touching to note how fragile they are, their exquisite control built up brushstroke by brushstroke. Sometimes, Mondrian mounts the finished canvas on another canvas or board as if to emphasise its comreally is it." It really is: this man really was the business, the modest epitome of cool.

Mondrian: Nature to Abstraction, from The Gemeentemuseum, the Hague, at the Tate Gallery until November 30. Sponsored by AT&T. Elisworth Keliv. sponsored by Hugo Boss and sunported by the Tate Gallery International Council, until Septem-

Cinema's new master of the universe

Nigel Andrews talks to Walter F. Parkes, producer of box-office breaking 'Men in Black' and now joint head of DreamWorks

aliens in Men In Black, Hollywood's new smash-hit science-fiction film. You never know what cunning guise they will appear in next. So when Walter F. Parkes strides into the hotel suite looking young, tall, startlingly handsome, and coiffed in grey hair whose cut and sheen would shame Richard Gere, you assume that cinema's latest powerbroker is in disguise.

tandem, the works of two old

masters, Piet Mondrian and Ell-

sworth Kelly, are object lessons

of the retrospective which opened

The Kelly is an edited version

in how to be serious with style.

He and his not-yet-arrived partner Laurie McDonald, who have ascended from producing Men In Black to the Olympian heights of heading Steven Spielberg's new DreamWorks studio, are probably small squishy extraterrestrials in the process of taking over Tinsel-

Midway through the interview I give reign to a brief, racking cough and wonder if this exposure to earthly germs will force Parkes to break cover. When he doesn't, I realise he is the genuine article: too good to be phony.

Cinema's new master of the universe is nervous about being in London, however. "The first project I ever did for Steven was a version of Peter Pan which never that I could probably never come to this country because I moved the story from London to Cleveland, Ohio. I thought of it as halfway between two baseball teams. the Cleveland Indians and Pittsburgh Pirates."

If it took an original mind to do that, it took the same to begin a career by making a documentary mid-budget makeweight genre get away with what they want!" about the American Nazi party; films: what he calls "package movthen to trump that exercise in ies dressed up with a big star or the famous film industry proverb

ilm producers are like the paranoia by scripting two comput-director. Very expensive for what aliens in *Men In Black*, er-age thrillers (*WarGames*, they are, and since we're a com-Sneakers): then to make those essays in alarmism look small by producing Twister, that epic weather forecast that earned \$200m

Now that he and McDonald have been put in charge of the world's greatest toy factory - Steven Spiel-berg's imagination - I ask him if we do not risk entering an implaca-ble age of overkill effects films made by overemployed directors?

Parkes retorts by itemising DreamWorks' first-year agenda. "Our first two films are by firsttime directors. Our third, Amistad, is by Steven, but it's a history subject not sci-fi. Our fourth is by Neil

arkes says DreamWorks will make movies at the budget spectrum. "The is the middle ground. Because of the tradition of Amblin (Spielberg's pre-DreamWorks production outfit) we're very comfortable with technically groundbreaking event movies. Half the digital technologies now commonplace in cinema were got made. I realised after writing it developed in movies either directed

or produced by Steven. "But we'll also be promoting new directors, because there's never been an influx as exciting as this since the early 1970s, with the new filmmakers coming up through Miramax or the Sundance Festi-

What the studio won't make are

pany where production drives distribution, not vice versa, we have no need to make product for a pipe-

Parkes has just begun verbalising an attack on the price of movies and movie actors - the average feature budget is now \$38m, the fee for a top star a belief-beggaring \$20m-plus - when someone who looks like a movie star enters. This at last is Laurie McDonald. But the vision in blonde stays only to say hello and shake a little stardust around the room before graciously ceding the interview back to Par-

McDonald came originally from television, he relates, and a junior executive post at pre-Sony Columbia. This prompts me to ask him about the power and influence of high and low end of the studios. Since the outrageously successful Men In Black was born dangerous ground at the moment out of a period of mayhem and musical chairs at Sony Pictures. ending in the departure of movie chief Mark Canton, isn't there a moral here? Doesn't it show that movie-makers cope very well, if not an age of rampant overspend, you better, without any focused attention from studio chiefs?

Parkes laughs. "We took five years to bring Men In Black to the screen. The reality is that the time it takes to make a good movie is longer than the average lifespan of a studio administration. These things are cyclical, a studio has good times and bad. There's no indication that anarchy in the executive halls allows the mice to But it adds credibility, surely, to



vorid's greatest toy factory - Steven Spielberg's imagination

coined by writer William Goldman: kind era of ET and Jurassic Park Nobody knows anything." Now that Parkes and McDonald occupy the hottest executive two-seat in town, what criteria does a studio administrator hold fast to in picking movies?

Writing," says Parkes. "Because we've both been filmmakers we become far more involved than era. That it's become more difficult most executives at script stage. In to make serious films now has to can never spend too much on a keting machine and of the youth good script" (though Spielberg audience reportedly shuddered when Dream-Works signed their first \$1m

cheque to a writer). "Also, don't try to second-guess yourself or read the marketplace. Go for stories that actually excite you. Follow your passion." This, he says, is the lesson he learned from

But are all Spielberg lessons good? When I wonder aloud him And he expects us to stand by whether American cinema has what moves or excites us at really improved with the wunder-

compared with the early 1970s when big movies were also grown-up movies (The Godfather, Nashville) - Parkes argues that Spielberg and his achievements should be seen as part of the solution, not as the problem.

"The 1970s were a great golden do with the enormity of the mar-

"But there's always a Schindler's List. What is unique about Steven's talent is that no division exists in him between 'high art' and commerce. His understanding of the language of film to communicate emotion is unparalleled, whether it's a chase scene or the tragedy of the concentration camps. He stands by what moves or excites

Music/David Murray Canterbury scales

Augustine came to Can- out of breath. terbury - not yet sainted, of course - to teach and preach. The King's School there, which likes to trace its history back to that episode, chose to persona, consciously retrocommemorate it in an uncommonly enterprising way. It commissioned Robin Holloway to compose a big clarinet concerto for one of its Old Boys (Andrew Marriner, internationally respected) and the school

last month in Canterbury Cathedral. The brief agreed with the composer was straightforward: no patronising musi-

orchestra. It had its premiere

cal simplifications on account of the young band. no "writing down" - but nothing either that would make unrealistic demands upon their practical expertise. Holloway (b. 1943) is one of the few established "names" among British composers who might still fulfil

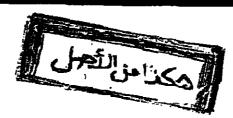
such a brief. Though he began as a Cambridge modernist, he represents a private, quirky *revanche* in favour of candid tonality and uncomplicated writing. Many of his (mostly younger) colleagues would feel crippled if they had to write for a classically proportioned, non-virtuoso stu- up some fluffs, as far as dent orchestra, something could hear, however, the wrong there, I think Any technical prowess of the

ust 1400 years ago, St. certo, for the soloist may run

Though it begins and ends in summery E major, it takes enough not quite tonal turns along the way to regis ter a sharp contemporary spective but original. The concerto is downright tuneful, with a warm, expansive first movement, a salon-esque "Romanze" with a brief. silvery scherzo at midpoint, and finally a wry sequence of mannered dances: a smoochy tango, a waitz that graduates to a sleeker valse, a tarantella (ideal for showing off the soleist in racing triplets), a mock-earthy peasant dance" and a grand close that brings the opening music back for a predictable

Very English-conservative, very neo-classical; but also very Hollowayish, genteelly warped and disconcerting Marriner revelled snavely in his central role, not especially virtuosic but rich in potentially expressive turos. The King's School orchestra (at least as many girls now. as boys) sounded well and sensitively rehearsed under Com Metters.

The Canterbury Cathedral acoustic blurred some of the more intricate orchestral writing, and perhaps covere how, Holloway rose very band was impressively happily to the occasion with secure and the accionistion his half-hour-long piece — at the end seemed entires as long for a woodwind con- tic, relieved and sincere-



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How to Spend It



lies of fashion that in August, just when we want to buy swimsuits and sarongs and floaty summer dresses, the shops fill up with winter suiting and heavy coats. What kind of woman, you might ask,

a growing breed of shoppers who realise that it is the early bird who catches the

"buzz" items. More and more of the fashion-conscious set now going to invest in a new buy almost directly from the wardrobe early, it helps to catwalk - they spot the key : know what the trends are. outfit, shoes or bag at the key looks for the next

If you weren't sufficiently For the woman who has a prescient to put your name balanced, rather than slavdown months before plat- ish attitude to fashion, and form shoes and cashmere who wants clothes which sweaters from Prada, will work in a traditional, G-buckle belts, "G" logo corporate environment, Maxthong sandals, velvet hipmara has long been the solutions and white jersey tion. For us, to be consideresses at Gucci hit the ered fashionable would be shops, you would have had very dangerous," said Luigi

waiting list for Prada's croc- cultured man with a passion odile Gladstone bags, high- for modern art. "It is not heeled, pointed toe shoes chic for a woman to move and chiffon dresses with violently from one way of crystal-edged hems, while at dressing to another." Gucci you can join the queue for stretch wool micro-minis things" - a philosophy that and chrome-heeled stilettos. is evident in the clothes. But

credit but certain Prada win- main colours, fabrics and ter styles - including a dou- looks can be seen in the new ble-breasted cashmere coat - collection - though subtly have already sold out.

working women, for exam- sion at MaxMara. ple, like to get their clothes and then not have to worry about their wardrobe for another six months.

There is also the argument that if you buy an item early in the season, you get maximum wear and pleasure from it. "Quite often our cus- working woman in mind.

MaxMara's customers are chic; they have a balanced rather than slavish attitude, says Karen Wheeler thinks of buying a thick

knitted sweater when it is baking bot outside? clothes before they go," said The answer is that there is Joy Weinrabe of Wardrobe. "That way, they have one or two suits to come back to and they have had the pick

of the new season." For the woman who is

Nobody translates a mood shows or in the press reports better than MaxMara - the and add their names to a Italian label that has built waiting list as much as six up a \$1bn global turnover months in advance. Which is (the British alone spent why this week, in the midst £27m [\$61.8m] on MaxMara of the summer season, we clothes last year) by distill-are showing you some of the ing the key fashion trends into a wearable look.

to do without. Maramotti, managing direc-This season there is a tor of MaxMara, a quietly He does not like "showy

You may find this hard to nevertheless all the season's interpreted. Thus, the sea-There are sound reasons son's unfeasibly short, sidefor planning your autumn split skirt becomes a more wardrobe early. Many busy wearable knee-length ver-

> clothes has been surprisdevised with the professional and herringbone.

tomers go away in August
Suits, suits and more suits is still an important wardtomers go away in August
and they buy autumn are the mainstay of the searobe item. MaxMara has for very long.) As for skirt the main differences. "It is motti, before relating how



Left double-breasted charcoal pinstripe suit in wool/cashmere/Lycra mix, £420. Right: flecked trouser suit in wool mix, £400

son. After the recent raft of many such styles to choose lengths, micro-short is back

shopping done in one big hit trends into wearer-friendly the return to tailoring and with wide legs. (But one of ter of each to his own. cheering news is that - with Better still, these strict little ser suit from Marks and bles sound like the 1980s, but the exception of a punky, suits come in the most tradi- Spencer - 90 per cent wool, subtle changes in the silhou-Gothic look - the latest tional fabrics - grey flannel, the jacket is excellent value ette ensure that it looks diftrends seem to have been black wool gabardine, tweed at £90, £45 for the trousers. It ferent. The slouchier cut of arrives in selected stores the trousers, boxier jackets the UK.

and the second of the second o

The task of blending nightie-style chiffon dresses, from including a grey one but it is increasingly a mateven - dare we say it, should the best buys around will be Short skirts, big jackets ingly easy this autumn. The der pads - is very welcome. a grey single-breasted trou- and sharp two-piece ensem-

The masculine trouser suit mid-August, but is unlikely and sloping rather than

possible to emphasise the delighted he was when a shoulder without it being Parisian retailer thought anything like the 1980s," MaxMara was a French said Maramotti. "We have label. "The idea of not being used slightly rounded shoulder pads which give more the way we work." presence to the body without building up the shoulder too much."

MaxMara has also paid a trast to the arrogance of great deal of attention to the many designers. who weight of fabrics; several of attempt to foist deeply the suits featured on this unflattering looks on page are wearable even in women. "It is the customer summer because they are who is the master of her own made from very fine. light- wardrobe - she can use weight wools, with added accessories or shoes to Lycra. Pure cashmere and update our clothes," he camel fabrics have also been said. treated in a more casual, throw-on way - used with-out linings for less formal boots, clutch bags and suits and coats. Evening wear is going to it goes without saving that

be very feminine with flour- MaxMara's high heels are ishes of sequins and appli- less vertiginous and look que. The more romantic side infinitely more wearable of MaxMara is evident in a than everybody else's. long, muted purple chiffon dress, shimmery strapless styles and - perhaps most typical of MaxMara's understated look - a satin wrap décolleté frock, shown on the catwalk insouciantly worn under a mannish grey.

tailored city coat. So how does a label with a classic image like MaxMara consistently manage to interpret trends in a stylish way? It's a team effort - a combination of an in-house team and outside designers which results in design by consensus rather than any single individual's egocentric whim. The company likes to keep names under wraps, but Karl Lagerfeld and Dolce & Gabbana are among those who have quietly contributed to Max-Mara in recent years together with students from top design colleges in

"We work in the universe

sweater in wool/angora mix, £198, and long tube skirt in When vogue means danger pure wool, 298 ☐ Grey satin wrap dress with

classified is the answer to

Maramotti's belief that

"you have to be humble in

This autumn the key

fashion" stands in stark con-

décolleté în pure silk, £373, with mannish, grey city-tailored coat, £475. in pure wool/angora mix ☐ Long charcoal skirt suit

with short, single-breasted jacket with neat high collar in wool/Lycra mix, £445 ☐ Full-length wrap came! coat in pure cashmere,

£1,495, loose V-neck sweate in wool cashmere mix, £110, knee-length camel skirt in pure wool, £98 ☐ Full-length charcoal grey

swing coat with one-button collar in cashmere and Lycra mix, £1,402 ☐ Long grey rib-knit V-neck dress in wool/angora, £148

All clothes and accessories by MaxMara, 32 Sloane Street, London W1 (tel: 0171-235 7941); or 153 New Bond Street, London W1 (tel: 0171-491 4748)

lethal-looking stilettos. But Photography: Steven Meisel

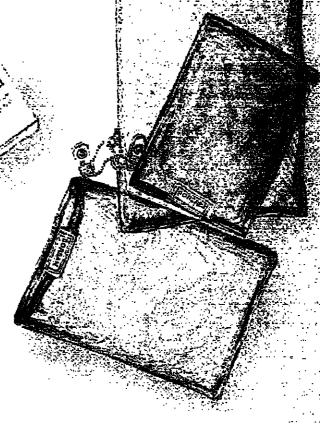




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From top left ☐ Save on the luggage space and use Philosophy's

cleanser-cum-moisturis Wiped Out is £12 from Harrods (0171-730 1234), Liberty (0171-734 1234) and Space NK (0171-355 1727) ☐ Clipper chronograph men's

watch, £1,580, from Hermès, 179 Sloane Street, London SW1

life. They know what to buy in which airport duty-free and what really earns its keep in the carry-all or overnight bag. Here, three people who travel regularly tell us

some of the lessons they have learned along the way. Giorgio Guidotti, creative director and PR director for MaxMara, the Italian fashion house, always takes three cashmere sweaters, "even if I go to the hottest place on

"This year I am going to St Barthelemy in the Caribbean but I'll still take one dark navy blue cashmere sweater. one in beige and then the third one is always different. depending on my mood. This year it will be in a bright blue. I take lots of white shirts - long-sleeved, which I roll up. I'll take T-shirts and navy blue and khaki chinos as well as two pairs of Gucci pants - one bright yellow and one turquoise.

I can carry my passport,

money and everything else I

need and still loook smartly-

dressed. Mine is made for me by a Milanese tailor. Sr

"For my job I travel all the

time - sometimes I wake up

and don't know where I am.

This time I'm going from St

Moritz to New York, then to

then back to New York and

on to Japan, so I have a big

Globetrotter suitcase, which

I bought at Harrods, and I

carry Gucci leather hand-

earth.

or some of us, holidays are the only times we get on a plane; but there are those for whom travelling is a way of

(0171-823 1014) ☐ Useful little pocket book by Philosophy contains travel brushes, four lipsticks and a choice of blusher and eye shadow, £38

☐ Chic and black, these zipped gauzy travel bags by Johany Loves Rosie can be used for toiletries, files, camera equipment, suncare creams

tights, underwear and a great deal else. £12.95 for the three sizes, from Liberty (0171-734 1234), Ferwick (0171-629 9161), Selfridges (0171-629 1234) and The Source (0171-937 2626) ☐ Folding travel slippers in tan or black calf leather, £150, from John Lobb, 88 Jermyn Street, London SW1 (0171-930 8089)

☐ Much, much sleeker than the

standard film-star venity case, Samsonite's Tigris beauty car is tough enough to withstand the luggage carousel but is also small and light enough to carry. From £69, inquiries (0171-538

□ Compact, sleek and with a neat little zoom lens, the Canon IXUS is £259.99. Inquiries

Keep everything from passport, different currencies credit cards and folding money in Smythson's leather travel wallet. In black, navy, burgundy, green and red, £75, from Smythson, 40 New Bond Street, London W1, inquiries (0990-211311)

Drawings by Margaret Keedy

Lessons in the art of smart packing

Lucia van der Post gets to rifle through the luggage of the expert travellers



Swim vests for the small set. The swim seat, above, comes in three sizes: size one, 3 to 12 months £13.99; size two, 10 to 18 months, £15.50; and toddier size, 18 months to 36 months, £16.99. Mothercare and John Lewis nursery departments stock a good range of the products.

products and I don't carry many gadgets - I like proper wake-up calls in hotels so I don't bother with a travel clock and I pack cheap pens because I always lose good ones. I take a couple of par-St Barths for my holiday, eos for the beach and lots of cufflinks - they dress a shirt. With a crisp, doublecuffed white shirt and dark chinos I feel I can go most

Johnny Boden, who runs luggage which is great quality. Then there's my wallet, the eponymous mail order which is tiny and just holds company, also takes masses mv credit cards and paper of his own white T-shirts. shorts and gym shoes. This baligon's Eau de Roi, which dials nine before she makes different currencies and

"I use Kiehls' or Aveda year he'll be travelling in a I now use all the time, and a telephone call. Over the credit cards; it's bright red peached cotton suit (in my latest discovery is the khaki, stone or navy, jackets Psion Sienna 512K organiser are £72 in the sale, trousers. £34. Tel: 0181-453 1535 to order).

> "I take a plug adaptor, the red and the green Michelins to wherever I'm going, and a walking guide. Stanfords now have a very good mail order service - they'll even bike things round in an emergency (tel: 0171-836 1321). I take back numbers of band says he knows she The Spectator to catch up on travels too much because

which I take everywhere. It's transformed my life because it's much smaller than my Filofax and it means I can do little spreadsheets and other sophisticated things on the flight; and it stores all my telephone numbers and

Victoria Mather is travel editor of Tatler and her husmy reading. she can't go to sleep without an eye-mask and always

designed for the pre-crawling stage. Light to carry and quick to put up (so they say), it packs into a packet weighing about 1kg. £49.95 from Mothercare and Early Learning Centres.

years she has pruned her so I can spot it immediately travelling kit down to the in the bag. I use small things that really matter.

"I start with a big Prada doesn't matter if it gets wet; it's terrifically sand-resistant for the beach and it has a big central compartment which can be zipped up for safety. It's designed to be anti-rummage so I can find every-

thing I need instantly. "I use a Smythson travel wallet for holding passport,

Smythson travel notebooks - red, blue and green in bag with two thin straps rotation - for taking notes which don't fall off the and have them engraved shoulder. It's in nylon so it afterwards with the dates and places of the journey so I have a record of everywhere I've been. "I always pack a small down pillow because I tend

to get migraines and am allergic to any other sort. A Pashmina shawl comes everywhere with me - it's multi-purpose: a shawl, scarf and wrap all in one, and keeps the air-conditioning at

"On the plane I have the softest double-ply cashmere cardie from Connolly (their

airline cardigan). "I often take a Lands' End canvas briefcase because it holds a lot of the things I need - a laptop; and Maglite torch, small Swiss army knife and keys all attached to a special keyring. It opens out flat so I can use it as a working office. I take a small camera - currently the Canon 1XUS, which has a

mini zoom lens. "I also pack Nicky Haslam's slippers made from Turkish kilims and have adapted my Men In Black Ray-Bans with prescription lenses. I always take a Montblanc pen because it writes in every climate, never gets blobby and also writes upside down, which for travel writers turns out to be

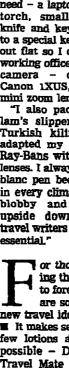
or those contemplating the annual safari to foreign parts, here are some of the best new travel ideas around:

It makes sense to carry as few lotions and potions as possible - Daniel Rouah's Travel Mate is a shampoo, shower gel and shaving gel in one. £4.99 for a 200ml tube from Boots.

■ Some people never leave home without their Evian water spray (for freshening up on aircraft) but Jurlique's Rosewater Freshener, which has essential oil extracts of rose petals, smells delicious have been sharpened up 215 to 21750.

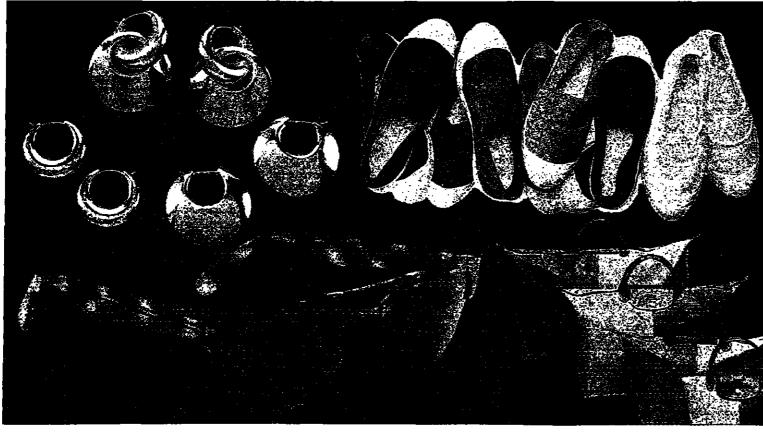
£9.25 from good beauty respectable without. The salons, Dickins & Jones, Selfridges and Space NK shops. Those who don't believe pure cotton fabric called Etastar, which has been which included a birthday

After washing, it could



that ironing and holidays mix will appreciate a new used in a classic men's shirt by Eton Fashion of Sweden. Our tester reports it had the usual lumps and folds when fresh from the packet, but after a rigorous 14 hours, party for 15 three to fiveyear-olds and a long evening at the Claygate Beer Festival, it emerged with scarcely a wrinkle.

and is just as handy. It is with a light iron but looked shirts come in a range of styles, in white, and in fine or wide stripes in cream and light blue. £60 to £65 from The Shirt Press, 65 Kingsway, London WC2B-5TD For mall order, tel: 0171-430 1433 For many people the kikof, or sarong, is the essential holiday garment - it serves as shawl, cover-up, light blanket, pyjamas, picnic cloth and even giamorons evening skirt The Sarong Company, PO Box 158, Rickmansworth, Herts WD8 57Z (tel: 01923-285174) sells them plain, patterned and in traditional stripes,



Clockwise from top left: ☐ Few people want to wear elaborate jewellery when travelling. But jeweller David Thomas has devised some simple hoop earrings in 18 carat yellow gold (£390 a pair), which can be livened up for evening with the addition of pendant drops (£398 a pair). David Thomas is at 65, Pimlico Road, London SW1 ☐ Racing Green calls its version

of the casual canvas shoe "Mary-Anne shoes": canvas plimsoffs with elasticated cotton gussets. In navy, marine blue, khaki, red and white, they are £15 a pair. Tel: 0345-331177 For those who just know that they will be doing some shopping while away - welcome to Les Pliages. Based on Origami, the Japanese art of folding,

Longchamp, the French accessory

company, offers an ingenious little bag that folds flat but opens to carry at least as much as a carrier bag. In several colours and sizes, and from £40 to £70, they are available from Harrods, Selfridges and Fenwicks in London, John Lewis stores, and in smaller luggage stores. For a local stockist, tel: 0171-499 9594. ☐ Fashion in sunglasses changes so quickly that, for those who

mind about such matters, it must be difficult keeping up. For the moment, Web seems to be in. From Kevin Costner and Isabella Rossellini to Princess Caroline of Monaco and Luciano Benetton, Web sunglasses are perched above some of the world's most photographed noses, £149 at Chelsea Eye Centre, 176 Kings Road, London SW3, Tel: 0171-351 3847

MOTORING

The Rhino Charge Think Mad Max – not Le Mans

The ultimate test for 4WD buffs is being held in the UK. Jack Barker had a taste last year in Kenya

Charge where cars compete to see who can clock up the fewest miles driving from points A to B.

hard - but in the way will be lakes, cliffs, bogs, mountains and a quarry.

The winner will be the driver who can coax the car up the steepest slope, tilt it at the sharpest angle, risk the deepest water - all without spinning his wheels, losing control or getting

Rhinos can do it - but cars find it much harder. It is the most rigorous test of navigation, driving skills and mechanical design that any off-road vehicle can hope to

The idea comes from Kenya where, since 1989, the Rhino Charge has become an annual institution to raise money for an electric fence that will separate endangered rhino and land-hungry

The location for the event changes every year, but it is always held in a broken patch of bush that is usually

he ultimate four home to elephant, buffalo looked much as it had on wheel drive test and giraffe. I took part in the will take place 1996 Rhino Charge, held five somewhere in hours' drive north of Nai-England on Octo-robi. The atmosphere was the UK Rhino definitely Mad Max rather than Le Mans.

Fifty off-road vehicles kicked up clouds of dust before dawn. Some were pro-It might not sound too duction models but most were customised out of all recognition.

Bodywork had been cut away to free over-sized tyres.

In Africa, it's a case of scaring off elephant and hiding from buffalo

roll-bars had been strung over open backs, and bullbars strengthened. Wheelbases had been squeezed or stretched, reduction hubs fitted and suspension units

Most entries were based Rovers with a few Toyotas. Suzukis and Nissans, But leaving the factory in 1928. Then there was a high-

slung monster on tractor tyres, which showed unmistakable signs of having once been a 1968 Ford Taunus. Each had a powerful winch strapped to the front and a computerised milometer accurate to the nearest

By 7.30am, all the cars had reached their starting checkpoints. Each had to register at 10 of these and then get back to their starting point by 5.30pm.

The route measured 38km on paper, but in the way were rivers, swamps, cliffs, and bushes with 2in rubberpiercing thorns. Each car had a driver, navigator, and as many helpers as could cling on comfortably. Crewing on the Rhino

Charge is not just a matter of being bounced around as the car crashes through the undergrowth. It is scouting driveable routes, finding hidden check-points and helping out of trouble.

It is taking compass bearings and navigating by on Land Rovers or Range instinct. It is scaring off elephant and hiding from buffalo. It is levering out boul-

small trees - chainsows are fications, which cruised banned - and searching clifftops for winch anchorpoints. It is mending punctures and running ahead to

Of the 52 cars, 42 completed all 10 check-points. The winner was 22-year-old Neil McCrae in a Toyota Landcruiser, who completed the course in just 38,129km. But the last laugh went to there were oddities, too. One ders, breaking stones that the 1928 Ford, a two-wheel was an old Ford which jam tyres, chopping down drive machine with no modi-

make sure a route that starts

out driveable stays that

gently round the checkpoints without even showing

Winning is not everything. either. A man in his 80s competed as usual. long after giving up driving on the road, in the unmodified Land Rover he has owned for 40 years.

Flushed with my triumph at being in one of the vehicles that made all 10 check-points. I asked him what he thought of the course. "Too easy," he said.

The UK Rhino Charge will be slightly different, as you cannot really go around flattening trees and rebuilding the landscape. A touch of formality will be needed: cars will be street legal. their operators sober, and

But the course will include quarries, lakes and some of the most challenging conditions any off-roader can face. Competition will be fierce: showjumper Oliver Skeete will take part and

times cut from 10 hours to

teams are expected from Kenya - possibly including Donna Hurt, wife of actor John, who is a long-standing celebrities are expected to be attracted, as much to raise funds as for the driving experience.

Charging about in an offroad car is the fastest way to raise money to complete the electrified fence that is the best hope of survival for the endangered rhines of the Aberdare National Park in

The first venue of the UK Rhino Charge is a secret for the Rhino Fence will have their £250 entrance fee refunded by the organisers. Minimum sponsorship re-

mains £1,000 per vehicle. Places are strictly limited and the list is filling fast. For further details, contact the Rhino Arc on 0181-944

■ Jack Barker flew to Nairobi with Kenya Airways, tel:



Citroen's 2.1 Xantia TD VSX estate... its unique hydro-pneumatic suspension gives it unmatched ride quality. It just slithers over sleeping policemen

Road Test

You know a diesel makes sense

Stuart Marshall puts three through their paces and finds satisfaction all round

f your annual mileage kind of car that makes financial and environmental sense is a diesel. Ideally, it will be powered by Volks- ton Keynes in Buckinghamwagen Group's 1.9-litre, tur- shire to John O'Groats in bo-charged and inter-cooled north-east Scotland and direct injection engine. This back to the Humber bridge is so far ahead of any in eastern England. One had rivals for fuel economy that a 100hp, I.6-litre petrol it is practically out of

Figures revealed in an impartial analysis of com- mpg (5.65 1/100km) at an pany car operating costs by average 44.65mph (71.8kph). GE Capital Fleet Services, and the diesel 79.45mpg (3.55 the largest car leasing company in the world, tell the story. It categorises diesel cars in eight classes: small, compact, fleet, management, fuel but, from their average executive, MPVs, 4 x 4s and luxury 4 x 4s.

Winners of five of the classes were the VW Golf uous and the engines were (compact), VW Passat never cold, this kind of (fleet), Audi A4 (manage- economy can never be ment), Audi A6 (executive) achieved in day-to-day and Seat Alhambra (MPV). All of them have the same 1.9-litre engine, which produces 90 or 110 horsepower according to its state of

Their average fuel consumptions, according to the EC Directive 95/116 standard, ranged from 56.6mpg (5.0 1/100km) for the Golf to 43.5 mpg (6.49 1/100km) for

the Alhambra. Even these figures, more subjective view of car 1/100km), which is exactly

is around 25,000 do not tell the whole story. (40,000km), the only Diesel Car magazine . Diesel Car magazine recently drove two new VW Passats in convoy over a demanding route from Milengine and the other a

110hp, 1.9-litre turbo-diesel,

The petrol car scored 49.97 1/100km) at 46.3mph average (74.5kph). Both drivers knew how to make a car go as far as possible on every litre of speeds, it is clear they did not hang about.

As the driving was continmotoring. But it does prove, once again, the diesel's superiority as a fuel saver.

Fuel apart, the five VW engined turbo-diesels cited in the survey had the best annual costs in their classes. These are based on total operating spending, which includes depreciation and maintenance charges - matters often overlooked by private buyers who take a IDI averages 53.3mpg (5.3

fleet managers. The best small diesel car was the Citroën Saxo - "a plants.

class-winning package", said GE Capital Fleet Services. Top rating for diesel 4 x 4s went to the Suzuki Vitara. In the luxury 4 x 4 class, the winner was the Mitsubishi Shogun 2.8-litre. For me, the most significant aspect of the survey

> VW's 1.9-litre engine is so far ahead of any rivals for fuel economy that it is practically out of sight

was the way it proved how much more economical direct injection turbo-diesels are than those with indirect injection (with DI, the fuel is injected into the cylinder whereas, with IDI, it goes first into an antechamber alongside the cylinder).

The official EU fuel economy figures tell the story. The 1.5-litre, 58hp Saxo with

impressive though they are, purchase than hard-headed the same as the much larger new VW Passat TDI is VW Passat and Audi A4 unquestionably the car to with 1.9-litre DI power beat. The eagerly awaited

The snag with DI used to be the awful clatter the engines made at start-up. and their comparative gruffthree turbo-diesel cars: a manual 2.1-litre Citroën litre VW Passat with automatic transmission; and a two-litre Vauxhall Vectra CDX estate, also with man-

two after cold starting, and electric trolleys, and the when running slowly in cover can still be pulled traffic, the Xantia's IDI back. For a load like this, engine is the most refined of the three. Of the two DI be folded forward. motors, the VW's 1.9-litre than the Vauxhall's two-litre, which does not have an inter-cooler - although all three are as self-effacing as a modern petrol engine on the motorway.

In normal, everyday driving - a mix of motorways. short stop-start trips in town centres, and cross-country journeys on minor roads - the automatic VW Passat gave me 47mpg (6.0 1/100km), the Vectra it is laden, the ride height 44.6mpg (6.3 1/100km) and the Xantia 41.5mpg (6.8

1/100km),

estate is due in Britain

towards the end of the year. The Vauxhall Vectra estate is more lifestyle than load lugger. Firm suspenness when accelerating. In sion gives it sharp, almost recent weeks, I have driven sporty, handling. Driving with economy in mind, I have bettered 60mpg (4.7 Xantia TD VSX estate: a l.9- 1/100km) on several occa-

Despite its elegant lines, the Xantia is a real golfer's estate car. The load space easily swallows two bags of For the first minute or clubs and two Hill Billy the Vectra's rear seat must

The 110hp engine, first was quieter and punchier used in the big Citroen XM. makes the latest Xantia 2.1 TD VSX livelier and more flexible than 1.9-litre, 92hp versions, yet the average fuel economy is virtually the same. Due to the unique hydro-pneumatic suspension, its ride quality is unmatched.

While sleeping policemen make many other cars buck, the Xantia just slithers over them. And, however heavily never changes - a nice thought when driving up a ferry ramp with six months' In its price/size class, the supply of wine on board.

Classic Car Auctions

An industry in peril

John Griffiths reports on a threat from VAT

classic and collectors' cars at Lord Montague's Beaulieu Abbey in Hampshire and Silverstone in

Northamptonshire last weekend.

The sales, held respectively by Brooks and Coys, were possibly the biggest simultaneous auctions since the market for such cars crashed in the recession of 1990-91.

For Robert Brooks and Covs' Tim Schofield they were final confirmation of what this year's earlier sales had indicated; that a firm floor had been established for most models in this highly international market-place, and that prices now are moving steadily - if. in most cases, unspectacularly - up from

But for those who bought as the bubble was about to burst at the end of the 1980s. the prices achieved at both auctions still made depressing reading. At Coys' sale, for instance, a buyer paid £16.000 - right in the middle of its estimate - for a silver 1965 Austin Healey 3000. He secured a car on which nearly £40,000 had been spent in 1989.

More painful yet, a Ferrari Boxer 365 GTB fetched £59,000 - just £1,000 above its maximum estimate. In 1989, a record auction price of £200,000 was paid for an identical car.

The sales included several E-type Jaguars, one of the most highly desirable and (relatively) affordable of all sports cars. Indeed, Schofield said E-types are the main barometer for the general health of the classic and collectors' car market.

Those which had been restored carefully were knocked down in the £25.000-to-£35.000 bracket, compared with a market peak approaching £100,000. But, at the start of this year, they would have done well even to reach £25,000, and 365 GTBs were fetching only between £40,000 and £50,000. Brooks is philosophical. It might be a slow climb, he said, but it is a climb

nonetheless. It means that, just like the UK housing market, there is diminishing negative equity at long last for some of the unfortunates whose bubbles burst more explosively than others.

Both he and Schofield say the strongest gains are being made by two main types of car. One comprises the truly exotic rarities of excellent pedigree and exceptional

original condition. Although these only enter the market-place occasionally. and their prices can still run cautioned: "It's still a risky. unpredictable area."

The more widespread category contains lesser cars which have been well-kept or restored sympathetically to virtually new condition. There is, however, a cloud hanging over the scene. which not even the

relatively buoyant prices of last weekend could dispel and that is the revised interpretation by Customs and Excise of a two-year-old Brussels directive on the The auction

houses claim the entire market could be driven overseas, probably to New York

VAT treatment of classic and collectors' cars entering the UK from countries outside the European Union.

These have been made subject to the UK's 17.5 per cent VAT rate unless Customs can be persuaded that an individual car is indeed a collectors' item meriting a rate of only 2.5 per cent.

In the past few months. the department has begun interpreting the complex directive in such a way that even such famous and historic cars as Type 55 Bugattis and 1920s' Rolls-Royces are not being exempted from the top rate. As Brooks protests: "If a Type 55 Bugatti doesn't qualify as a collectors' item. then I don't know what on

He points out that since classic and collectors' cars move around the world regularly, it is possible that the same vehicle could be sold several times in the course of a year or two changing hands, for example, between Hong Kong, American, Japanese or Australian collectors.

earth does."

Just as the UK dominates world motor sport, however. London - and its auction houses - are the main international clearing centre for such cars. And they argue that making multiple VAT charges on the sale of the same car every time it is imported temporarily for a

sale is clearly unfair.

Should the practice continue, they claim, the entire classic car market and its associated auction business will be driven

overseas. "Left unchallenged," said Brooks "this is on course to ruin an entire industry, of which the UK is world leader. We are all going to wind up shifting our operations to New York."

That is not all. As Brooks and Schofield noted, there is another factor that, in the long term, is likely to prove at least as much of a drawback for European enthusiasts - the sheer size of VAT rates. The total price for that 365 GTB Ferrari becomes nearly £70,000 when VAT is added at 17.5 per

cent. The result: a steady. permanent outflow of cars from Europe to countries such as the US where such taxes are notable by their absence. "The UK stock of cars will simply drain

away." said Brooks. The point had particular relevance at the Covs sale where a number of cars from the Durst collection in Switzerland were offered. VAT was payable on almost every one.

A challenge, however, is about to be made. The industry has formed a trade group, the Historic Motor Business Association. comprising the auction houses, dealers and other interests. Late this month, it is taking Customs to court over its interpretation of the EU directive on six sample cases. The outcome, said Brooks, will decide the fate of an industry.



none of Britain's supermarkets stock them. reached me of pick-your-own orchards and a farm shop in East

Anglia selling sour cherries. This year I hoped there would sourced locally, in small quantithere, but nothing is certain."

I drew a blank at other super-54 of their branches, sour cherries are on sale, and should be available for another 10 days or

Cookery

'I want a sour taste in my mouth'

Philippa Davenport struggles to find an authentic cooking cherry

response to demand". Waitrose 535296). Brogdale is home to started selling Kelleris, which Britain's National Fruit Collecthey described as a Morello alter- tions, grows over 200 varieties of native and clearly labelled "cher- cherry and has its own shop ries for culinary use". News also where a splendid selection of fresh fruit varieties are on sale. Gerry Oughton, its director, says that dukes are fruiting now. (Dukes are crosses between desbe even greater availability but sert and culinary varieties of Waitrose says it has no definite cherry, suitable for eating raw plans to stock cooking cherries and cooking, some sorts are at this summer. "A few supplies. the sweeter end of the scale, others are decidedly tart.) Sour cherties may be available here and ries are not expected to come on stream until next week, and Morellos, the most famous varimarkets - except Sainsbury. In ety of sour cherry, will probably not start cropping until the end of this month.

Oughton was surprised when I told him that Sainsbury is selling Another source is Brogdale British-grown Morellos already.

A week or so later, "in Orchards in Kent (tel: 01795- Perhaps the word morello was esponse to demand", Waitrose 535286). Brogdale is home to being used in its generic rather than varietal sense - morello with a small m, not a capital M as I have used it in the past, as a synonym for sour or cooking cherries rather than a particular variety. But the buyer at Sainsbury and its supplier insist the variety on sale in its stores is a true Morello.

Brogdale cherries are stocked by Fortnum & Masons of Piccadilly. London. Elsewhere in the eyes open for Women's Institute markets, where members occasionally sell home-grown fruits as well as preserves made from them. Bearsted WI in Kent and Southwell WI in Nottinghamshire are offering sweet cherry prod-

Incidentally, did you know that



UK, readers should keep their the WI runs a food parcel scheme that operates a little like Interflora? Go to your local WI market or telephone 01734-394646 and they can arrange for a selection of goodies to be delivered by the market closest to the recipient's

check the availability of cooking fillets weighing about 125g each; slowly indeed to soften them

discoveries. First, some branches of Sainsbury and Waitrose are selling fresh girolles or chanterelles mushrooms. An expensive treat but, like morels and porcini, I reckon these wild mushrooms

whiff of sea air, selling saltfrom Brittany in 100g punnets. seaweed on top. Why not British-grown laver and samphire, I wonder?

SALMON WITH SEA LETTUCE, GINGER AND GARLIC

While ringing supermarkets to 100g fresh sea lettuce; 2 salmon

cherries, I made two other happy a knob of ginger, a sliver of garlic: 1-2 spring onions: 11/2 tablespoons peanut or mild olive oil; 11/2 teaspoons sesame oil; half a lime; soy sauce.

Plunge the sea lettuce into cold water for one minute only, swirlare really worth a premium price. ing it around to wash off some of Sainsbury's offerings come from
France: Waitrose's are Scottish.
Tesco, meanwhile, is celebratsteamer basket. Lay the fish, skin ing the holiday season with a side down, on top. Season with black pepper and a squeeze of packed dulse and sea lettuce lime, and scatter the rest of the

> Steam for 4 minutes then rest in a warm oven for 5 minutes before serving with plain boiled rice and a dipping sauce.

To make the sauce, chop the ginger, garlic and spring onion finely. Put them into a small pan containing the oils and heat very

slightly and aromatise the oils as much as possible. When very hot, season generously with soy sauce

> CHERRY PILAF (serves four to five)

This comes from Classic Turkish Cookery by Ghillie Basan (Tauris. £19.95), a lovely summer pilaf. tinged a light shade of pink, to serve hot or cold with grilled

poultry or lamb. 225g long-grain rice; 175.50m cherries, washed and stoned: 2 tablespoons butter, preferably clarified; 1 teaspoon sugar; 1 tea-

spoon caraway or fennel seeds Wash the rice or soak it for half an hour. Rinse and drain well. Melt the butter in a deep pan. Add the cherries and sugar and cook for 2-3 minutes, stirring carefully. Stir in the caraway and rice and cover with 600ml water seasoned with 1/2 teaspoon salt.

Boil for 1-2 minutes. Reduce the heat and simmer, uncovered until most of the liquid has been absorbed. Remove the pan from the heat, cover it with a clean tea towel, press the lid firmly on top and leave for 15-20 minutes. Finff up the rice for serving.

Eating Out You simply must try the armadillo

Giles MacDonogh visits Grenada and spurns its Americanised cuisine for genuinely wild food

the foggiest idea where the place was. We stopped at a roadside bar. One of the rum drinkers pushed his way through the crowd and pointed up the hill. The road was little more than a dirt iguana, the second tatou or track. My driver stopped beside a half-constructed building: "This is it," he

I peered into the darkness. There was a light on inside. and two men drinking from bottles of Carib beer. They got up to leave, but as I made my way into the older part of the house a woman emerged and shook my hand. This was Rosanna Moore and I had arrived at the Seabreeze restaurant (001809-4446374). She said that dinner would be ready

Given the remoteness of the spot, I wanted to retain my driver. He seemed reluctant. "I don't like that wild food much," he had told me on the way. I bought him a cola and he agreed to wait. As I came back in, I noticed my table: it had been set up in a corner of the half-completed room, among the litter of unconnected wires and breeze-blocks. I ordered a

The cook emerged with my dinner. One plate was heaped high with salady things: rice and (pigeon) peas, carrots, beetroot, callaloo greens and coleslaw.

own in the vil- Another bore a piece of fish fried in flour with black pepper and cloves. The third dish was what I had come reptile skin. The other pieces leather soles. The first was

> I set to, slightly put off by the vomiting-like noises which seemed to be coming from the direction of the car. The iguana was similar to

Increasing demand for Caribbean food and drink in the UK is being addressed by a number among them is Sunburst Commodity Trading, formed in 1983.

Caltalloo, Caribbean saisa hot pepper sauce, jerk sauce, ackees and Scot Bonnet are just a few of its products. For details call 01622-833083, fax 833065.

chicken, except that the slices from the tail contained large piscine vertebrae. Tatou was much gamier. The smell was musky and the texture gelatinous. You had to scoop the flesh off the inside of the animal's armour-plating.

Crickets chirped among the building blocks and my driver continued clearing his throat. As I paid, my hostess told me to remember that tatou was Grenada's true national dish. whatever any-

Young people scarcely touch wild food these days in Grenada - the most for. It contained four or five southern of the Windward chunks of meat covered with Islands in the Caribbean. Another Grenadian in his of meat had a hard coating. 20s told me of the revulsion like thick, overlapping he had felt when he dished himself up a mona monkey's paw at a wedding breakfast: Monkeys are pets, not food," he said. Others baulk at the small manicou possum or turtle, which may still officially be eaten when

there is an "r" in the month. These young people have grown up since the American invasion of 1983 and have supped on fried chicken and hamburgers ever since. Americanised hotels have replaced Grenada's moribund spice trade as its chief source of foreign currency. There the stress is

on "international cuisine". no de just, you can ea well in some of these: the Spice Island Inn (444 4258). Cicely's restaurant at the Calabash (444 4334), the Canboulay restaurant (444 4401) and Indigo (444 2000) are four of the best. Look out for lambie, or conch, landcrab, "dolphin" (don't worry, just the fish, mahi-mahi) and "rotis": meat-filled pancakes which demonstrate the Indian influence in the region.

For a more local flavour you are often forced to eat in more homely places which shut at night. Exceptions are the plantation houses Mount Helicon (440 2444), above St George's, and Morne Fendue



the octogenarian Betty Mascoll. It is worth going for the lunch: callaloo soup (thickened with coconut milk) is served with chilli-sherry. The buffet always offers

pepperpot among other things: pork and oxtail with cassareep (sweetened cassava syrup). The current stew has been on the boil since 1984. It was briefly interrupted by the curfew imposed by the revolutionaries, and by the American invasion which followed. The one local dish which

eluded me was "oil down": salt pork cooked in a reduction of coconut milk, bread-

In the little bars of the capital, St George's, I found decent goat curry, but the best I had was while picnicking on Sandy Island, a strip off neighbouring Carriacou, after a few pre-prandial sharpeners at the Hillsborough Bar, run by "Brum-

mie Eddie". Eddie is best known for his punches, drinks founded on the island's rum distilleries. The favourite is Clarke's Court. The building reminded me of a print from Piranesi's Carceri crossed with some of the wilder inventions of Heath Robinson. The locals like the powfrom "Georgius Rex Old Grenada". It has to be said that the dictionary spurns this etymology of the word

River Antoine is positively antediluvian by comparison: a real working museum where nothing can have changed for a century or more. They make just one (white) rum, marked "slightly overproof". I as she fetched the demi-john, pressed them for greater promising me heightened exactitude: slightly overproof means 151 degrees. Proof is 100: the hooch is 75 per cent alcohol.

One Grenadian way of Carib (or even better, a botdrinking rum is "Under the tie of Piton from nearby St from \$260, off season.

Wine / Edmund Penning-Rowsell

nuts and bay, as well as some fleshy element: cubes of raw beef, a venomous centipede or a millipede. Its famed aphrodisiac effect is supposed to derive from the presence of the bark of the "bois bandé" tree.

I tracked the punch down to a small bar in the back streets of St George's. The landlady hooted with delight sexual awareness for a month at the very least. It smelled vile, but was palatable if quickly followed by a regaled me with tales of tatou hunts.

They are plucky little beasts and frequently kill the dogs which bait them. I looked up at my hostess. She was beaming with pleasure. She had fished something out of her freezer which looked like a large rock lobster: anyone for armadillo?

■ Giles MacDonogh's trip was organised by the Grenada Board of Tourism (0171-370 5164). British Caledonian flights start at £305 return. He stayed at the Spice

expected even for an 1987.

sweet flavour, satisfactory

Initially sweet but high

acid content; less interest

than Mouton, clumsy, short.

Intense colour, but no

more than a straight-up-and-

CHEVAL BLANC

Deep colour, sweet nose and

flavour, relatively light but

long, my favourite wine of

Attractive colour, carame-

lised, very sweet, earthy,

easy drinking, chaptalised

Sweet, unctuous flavour.

Probably not much future.

Very good colour, slight hit-

terness at the end of taste,

atypical of top St Emilion.

fiavour, "singed".

but weak.

down wine.

ritain's top kitchenb ware mail order com-pany, famed for fast, friendly service and competitive prices, concentrated on selling plastic bags and storage boxes for freezer addicts when it was launched.

Its latest catalogue includes such diverse items as crème brûlée irons, maplewood peppermills with coarse, medium and fine grind settings, and smart stainless steel universal steamers.

The company name has changed from Lakeland Plastics to Lakeland Ltd and three new shops are about to ioin the existing 12 that supplement the mail order business: Truro in August, Exeter in September, and Peterborough in October. For catalogues or other inquiries ring 0155394-86100. Philippa Davenport

■ Sainsbury is offering Louis Kremer champagne at just £9.95 until August 30. This is far from the linest champagne on the market. but it is also very far from

Tel. 0171 821 2000

Fax, 0171 S21 2020

EARR VINTNERS

Appetisers New pots and

the worst. Not too acid. not too obviously sweetened, and quite respectably packaged. If this is part of Sainsbury's attempt to regain the crown from arch-rivals Tesco, then take advantage Jancis Robinson

pans

First the sad news, Inness of Tamworth in Staffordshire ceased trading as a bakery shortly before my recent piece on bread went to press. A great pity, for Hugh Lillingston certainly contributed to the better breads movement in Britain.

The bread and fine food shop in Thame that used to belong to De Gustibus has been sold to its former man-

Fine Wine Mercher

Tel: 0171 272 1**98**2

Fax 0171 263 2643

1996 BORDEAUX CLARETS No-one in the UK sold VINTAGE PORTS more en primeur 1995. We shall have the best WANTED allocations of 1996. SECTION OF STREET Contact the proven Coast: Patrack Wilkinson WILKINSON VINTNERS LTD Phone or fax for our offer.

now located at 53 Blandford

Grove W11.

such classics as mattar paneer (a lightly spiced dish of peas, tomatoes and golden cubes of fried soft cheese)

Paneer is easy enough to make at home but the process is lengthy. So cooks pressed for time may be pleased to learn that paneer is now made and sold in Britain by Stilton-makers Long Clawson Dairy, Look out for it in half-pound packs at Sainsbury, Tesco and Morrisons, as well as in some

ager. Now trading as Umberto's, it remains a leading stockist of De Gustibus breads in the area. De Gustibus's own shop is

Street, London W1 (tel: 0171-486 6608). Other London retail outlets of De Gustibus breads include Selfridges and Fortnum & Mason in W1 and Tom's in Westbourne Perhaps the best news is

that Dan Schickentanz of De Gustibus is running occasional Saturday breadmaking courses in Oxfordshire a demystifying and educative mix of theory and hands-on. A few places are still available on September 13 and October 18. For information, fax 01235-555777. PD

■ Paneer, the soft, fresh cheese of Indian cooking, is, like mozzarella, bland and slightly rubbery but delicately milky. It is an essential authentic ingredient of and it makes an appetising substitute for tofu (the soya bean curd product much used by vegetarians).

ethnic and health food it was impossible to buy a

Judgment day for class of '87

successful 1985 and 1986 August were hot and dry that year, intense rain, beginning in September, conintermittently tinued throughout the vintage. October's rainfall was

twice the average. It was a better vintage in St Emilion and Pomerol, where the Merlot grape was dominant, but in the Médoc the Cabernet Sauvignon did not ripen completely. The most fortunate grow-

ers were probably those who picked before the October rains. The crop was smaller than in previous years and in some cases growers did not offer their wines en primeur. The first growths, always the prime example of quality, dropped their opening prices from around FFr200-FFr225 a bottle in 1985 - and almost a uniform FFr180 in 1986 - to FFr128-FFr135 in 1987.

Initially, there were few takers for investment but five or six years later these early developers, faced by the disappointing wines early in the 1990s, after the great 1990. made the easy-todrink 1987s increasingly popular. One local broker said

n Bordeaux, after the on the Bordeaux market. Our annual dinner-tasting vintages, the 1987s were at my home brought a total a distinct disappoint- of six tasters, two of them, ment. Although July and Jancis Robinson and Michael Broadbent, Masters of Wine. Following each wine, my notes come first followed by the comments led by the Masters of Wine below.

The wines were decanted at least an hour before dinner, were refreshed with the cheese that followed the main meat course and a vote was then taken, with the lowest wine of each taster taken first and the last wine their favourites, and then totalled up. 7, Margaux (40); 6 Lafite (29); 5 Latour (27); 4 Haut-Brion (25); 3 Cheval-Blanc (18); equal first Mouton Rothschild (15) and Petrus (15). Two of the six tasters - including myself placed the Cheval-Blanc top.

Only one bottle of each wine was opened, and Ausone was not available for tasting. After 10 years in bottle, some bottle-variation may be expected, so in the past we have had disagreements with those whose wines were not well placed in these tastings, which began in 1976 with the 1966 vintage. Opinions differed. but that is one of the pleasures of drinking fine claret.

HAUT-BRION PD case of the first-growths Medium colour, distin-

guished nose and typical the palate, hard. Graves, earthy flavour. Very pleasant wine for current drinking. Medium, plummy colour, spicy, tobacco nose, fairly full flavour but indeci-

sive in character and style. A very pleasant drink, medium colour, apparently fully developed, long in the mouth with appealing sweetness; oyster shells, warm

Watery rim, less dusty



nose than usual; tangy on the finish.

MARGAUX Lacks the customary flowery nose and usual Medoc quality: disappointing.

Medium-deep cherry colour. Dry, astringent, lean chaptalised (sugar added during fermentation to increase alcoholic strength), taste obtrusive finish.

Crimson colour, thin, lean guished drinking. and dull, slightly thin on

Light strawberry colour, low-keyed nose, medium slightly thin on the palate; hard: Not an attractive wine, sad to say.

LAFITE

Very good colour, scented

nose, some concentration of flavour, easy drinking, without much distinction. Deep intense colour, austere flavour failed to develop

in the glass, hard, tannic. Deepest colour of all, low-key nose, scented, rather lacking concentration in flavour; archetype of delicacy. Good colour, spicy on the

palate, some length and bite. MOUTON-ROTHSCHILD Fair colour for year, some concentration on nose, a good but run-of-the-mill classed-growth Pauillac. Medium deep, pretty colour, slightly chocolatey Deep, port-like colour, full

nose, distinctively spicy. Bright crimson colour, probably at its best, spicy nose, the most concentrated of all, long, real interest, Rich, almost thick on the palate, and slightly heavy.

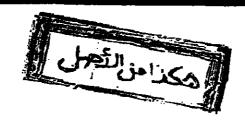
LATOUR : Less colour and more attenuated nose and flavour than expected for usually the deepest, most powerful Paulllac, easy but undistin-

nose and flavour. Not as rich as hoped-for, enjoyable but not distinguished drinking. Fine ruby colour, the best of all, fragrant nose, crisp. straightforward wine, some

bitter finish.

Very good colour, more fruit and flavour than the others, but no great concentration, though typical of this velvety-wine. Good colour but slightly

subdued nose, good on the palate, but lacking concen-Not as deep in colour as tration: Slight burnt finish:



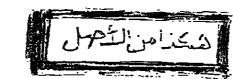
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TZ/AUGUST 3 1997

by and aromatize the of as bossiple When yell is a bossiple when yell is

CHERRY PILAP Iseroes four to five omes from Cicsolo A pt Guillia Basan (18 V. a lovely summer a light shade of hot or cold with y or lame.

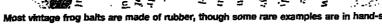
; long-grain rice; 175 es. washed and sto poons butter prefer ed: I teaspoon sugar; CRISMS), or (edited ? h the rice or soak n hour Ringe and Melt the hutter un idd the chemis and ok for 2-3 minutes, sin By. Stir in the carewa id cover with strong to ed with ... leaspoon sa for 1-2 minutes. Reh at and simmer mon nest of the liquid has ed. Remove the Pan in at, cover it with a clean press the be firmly we for 15-20 minutes by rice for serving

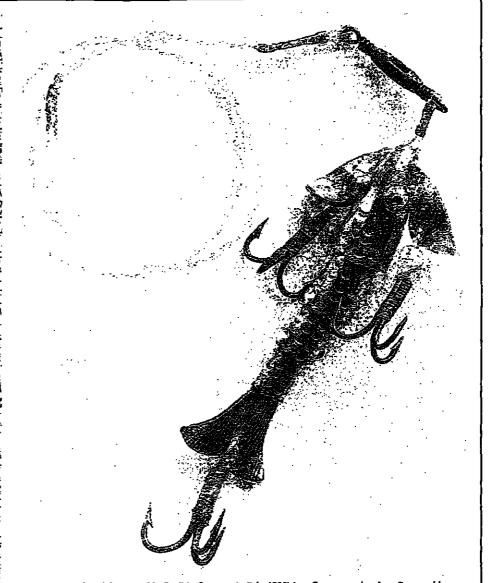


OUTDOORS









ring only 1½ inches, this flexible Gregory bait (c 1880) is a fine example of craftsmanship

Fishing / Chris Roberts

The collectors with baited breath

hris Sandford knows why he became a piscatorial late starter; when he was in his early 40s, a friend suggested fishing as therapy for a broken marriage. The thing that still fogs him is how, over 16 years, his first £50 rod and reel turned into a £100,000 collection of antique fishing tackle, guarded by a fearsome alarm system at his Surrey home.

"The therapy worked," says the former TV and film actor drily. As well as being a columnist for a number of UK fishing magazines, he is one of Britain's handful of collectors of antique

tackle and a regular at auctions by Sotheby's or Christie's where angling equipment - "rather sniffily", says Sandford - is lumped together with other items

as "sporting memorabilia". He will pay between £500 and £800 for an exceptionally rare 19th century brass reel and a little less for ephemera such as awards and badges, original tins of equipment, creels and lures or artificial baits. On a trip to America about six

years ago, he saw a magazine item on two 19th century US baits fetching between \$5,000 and \$10,000 at auction.

"The amounts were surprising, but what was more interesting was

that I thought no one was collecting 'plugs', as the Americans call them," says Sandford, "Then I thought how much more beautiful, how much better-made were British baits I had seen and used. I started to haunt the British Library and the

documents. The result is an illustrated monograph, the first study of British-made artificial lures. Beginning with Izaak Walton's shimmering description of the embroidering of an artificial minnow from "very sad French green silk", the list of patented

Patent Office for original

lures reaches its glory in

Victorian times and ends in the 1930s when the baits stopped being manufactured in any quantity.

Many of the examples in his book owe more to the jeweller's art than to anglers' inventiveness (James Gregory, the great Victorian lure-maker, had a workshop in the heart of Birmingham's gem district).

Even the knowledgeable are astonished at the number of intrinsically valuable lures which must now lie in the mud of British rivers and lakes.

Sandford - who has run a voice-over business based in London for 20 years and whose own voice is among the most ubiquitous in TV advertising - sees his book as "the beginning of a long conversation" with other aficionados, and is well aware of the obsessional aspects of collecting: he can be wickedly funny about the train-spotters he meets - then, disarmingly, admits that he understands only too well why some of his friends' eyes glaze over as he opens the door to his roomful of rods and

■ The Best of British Baits (1653-1930), The Vintage Fishing Tackle Roadshow, PO Box 256, Esher, Surrey KT10 9WA, £60.

Did pigmies grow roses in Colorado?

Robin Lane Fox takes a healthy interest in a New World theory

sent to tempt us. about the FTSE Index, me about the index, the weather and ancient Greek history, Sometimes, there are people with theo- Archaeologists have apparries which seem irresistible. We guessers get the theories we deserve. I am recovering from a recent encounter with a lady who seemed to explain it all.

I met her in the lunch the challenge of addressing the International Heritage Rose Conference on a July day in Cambridge. My subject had been tentative, the evidence, or lack of it, for the spread of roses and their early parents in the ancient classical world.

Conventional wisdom has based itself on chromosomes and has followed the experiments of C. C. Hurst in Cambridge in the 1920s. Hurst's name is still honoured in the university's Botanic Garden, although flowers were only one of his interests. He had a general interest in breeding. He would breed almost anything, from sheep to roses, in of the fact that some of the order to establish propositions about their origins.

had been simple. We now grow in Egypt or anywhere live in the brave new world of DNA and we could repeat and revise the Hurst experiments in order to discover enough for the Cambridge more about the ancestry and inter-breeding of those roses argue if it is confirmed by which were known as early as the time of Homer, and which have been trained on into the less adaptable vari- have studied the size of eties which cover themselves skulls excavated near my with black spot in Homerlovers' gardens.

My chance encounter was not impressed. She felt that I had confined myself to the old world and had not appreciated the evidence for the there any, I asked unwisely; sions. and I was treated to a theory which reminded me in its

The key fact which rose ently discovered that early Chinese temples used wood from the huge Redwoods of the Californian coast. This use shows that Chinese sailors visited America in the mists of time and might hour, while recovering from have brought other attrac-

tions with them. Wood theories are not unattractive to ancient historians. The exhibition of portraits from Greek and Roman Egypt in the British Museum is rightly emphatic

It is only logical. They brought the roses because they needed the rose-hips

portraits were painted on wood from lime trees, My message in Cambridge although lime trees do not near it.

What is good enough for the British Museum is good sunshine and who is to evidence from skeletons? You may not know, my

theorist continued, but I home in Colorado and those in the museums of Malaysia. They are the same size which goes to prove that the Chinese woodcutters did not come alone. The skulls are extremely small and belong spread of roses in the new. Is to a people of pigmy dimen-

Are you sure, I asked unwarily. It stands to reaall-encompassing power of son, she replied with the the theories of that man who apparent logic of a financial It stands to reason, she the Colorado pigmies.

would be below 300 by 1995. product. When the Chinese came in boats big enough to appreciating is the evidence would have brought passenfor early contact between gers with them on the jour-China and America's West new out. If the passengers Coast, she explained to me. were very small, even more could be packed in than if they were big. Skull evidence proves that they min C. brought the little people with them, which ties up with early American native tradition.

> In my world, skull evidence can prove almost anything. Such evidence may be slippery, but native tradition is the dream of ancient historians: what sort of evidence had she found?

Here, the eyes narrowed and the voice came close to a whisper. The Cherokees, she told me, when you get to know them, will tell you the little people who ruled in life. America long before the settlers. These little people person tradition with spreading the ancestors of American roses, the ones which you now call Rose Lavigata.

Somewhere in the hills, there may be a Cherokee, when you get to know him, who really understands all? where the Wall Street rise will end. I would not wish to say that he is any less of an authority than anyone else who believes they have the

These little people sounded all too interesting. They arrived in Chinese boats, lost their heads in Colurado, ruled a continent and covered it with roses whose existence is certain but whose origins are a mystery.

If in doubt, one of my history teachers once taught informant with a wonderful me, ask yourself what on earth the motive could have been. I will try the motive question, I thought, and ten- solved problem, the origins tatively asked why these pigmy rulers would have well as the old. bothered with something as marginal as roses.

ı

ometimes, they are knew that the FTSE Index adviser armed with a new told me, and it is only logical. They brought the roses across the Pacific because historians begin by under- hold a tree trunk, they they needed the rose-hips. Why ever did they need them, I fell into the trap of asking. The answer is only logical, she assured me: they wanted the rose-hips to ensure their supply of Vita-

> Suit your theories to your audience and you never know whom you will persuade to make an invest-

For a moment, my scepticism faded as I have an unshakable faith in the power of Vitamin C. I am fairly sure that it would cure mildew if I sprayed it often enough on the roses. I know that in large doses, it stops the first signs of a common cold. It also stops women from having wrinkles, if their secret traditions about they take it early enough in

The postwar generation goes down in my history as ruled from Colorado and are the last generation to credited in native plains- neglect the miracle of the C vitamin, the pill which will transform the next millennium. Might not the Malayo-Coloradan era have been based on little people who got there first, and might not Cherokees be half-right after

The flash of belief dissi-Pated in the sunshine and I realised that it was only an idea. Last weekend, the poet and academic, Craig Raine, was complaining about the illusion of ideas and their distorting influence on life and literature.

For me, they are the foundation and form of all human thought and I would always prefer an idea to a report which pretends to avoid one. So I credit my sequence of implausible theories which highlight a seriously important and unof roses in the New World as

Perhaps we should apply a DNA test but to the heads of



A dedicated plantaholic

Noel Kingsbury meets a horticultural tipster

though her venture into business may have been, Derry Watkins obviously loves it. Her plant nursery, based just outside Bath, is one of the most remarkable specialist nurseries that cater to the varied tastes of Britain's gardeners.

While she has not made her fortune, Watkins has played a crucial role in bringing many new plants into the public eye. She is the kind of person without whom the horticultural industry would stagnate ~ a dedicated plant-hunter.

One's first impression is of a greenhouse full of exuberantly colourful flowers, but closer inspection reveals so many new and unfamiliar plants that even the most experienced botanist is left reeling. While they are all grown primarily because Watkins loves growing them - "I never grow simply to sell things" - some are des-

tined for future fame. Born in New England. Watkins moved to Britain spotting plants that everywith her architect husband. Peter Clegg, more than 20 years ago. Because she vices to Sainsbury's," she describes herself as "a says. "If I like it, then everyfair-weather gardener", she one else seems to." But got herself a conservatory so whereas many might have

the winter.

hardy plants like marguerite has to try new plants: "I'm a ing-basket plant around. daisies and dwarf pelargoniums. A surplus lead to a pays for my addiction." stall at the local WI market, and then a small nursery. mainly selling at flower shows. This is what a lot of of the increasing number of keen gardeners have done, but Watkins' progress seemed unstoppable.

A natural entrepreneur with what seems like an endless fund of energy, (an employee calls her the

It is her

customers who get the first option on the plants of the future

"adrenalin queen"), she started to run gardening courses and staged Rare Plant Fairs throughout the UK, selling plants alongside other specialist nurseries.

Watkins has an eye for one finds irresistible. "I reckon I should sell my sershe could garden through been tempted to go into but Watkins was given a wholesale production, Wat-Propagating plants became kins never has. "I get bored mass propagate. She consid- 891686.

nintentional a passion, especially half- with things," she says. She plantabolic, and the nursery

> So, after the marguerites, it was diascias, back in the 1980s an obscure group of South African pink flowers which sometimes survived a kins received a scholarship British winter and sometimes did not. Watkins took them up. and sold them as ing in South Africa, home of half-hardy summer plants. the world's largest concen-Now they are in garden centres all over the country and tainer plantings.

> ers; rather than selling pasconversation. One day some hardy in Britain. one gave her a piece of Scaethat had been found in a horticulture may invest Dutch nursery. Watkins heavily in breeding endless found that it flowered all new varieties of what it has summer and was easy to already got, but it has never propagate from late season been good at seeking totally

cuttings. It was not long new plants. It is enthusiasts before everyone else was like Watkins who keep the selling it, too. Similarly with Lotus ber new products. But it is her thelotii, a silver-coloured customers who get the first trailing plant, practically option on the plants of the extinct in its native Tenerife. future. At that time, it was seen Special Plants is at Hill only in botanical collections.

ered itthe best silver hang-Wholesale nurseries took it up and it is now to be found

in every garden centre. For any true plant-lover the call of the wild soon beckons, and in 1998 Watfrom the Winston Churchill Fellowship to go plant-hunttration of plant species.

There she liaised with botare becoming an indispens- anists, nurserymen and amaable part of summer con- teur gardeners and returned with a treasure trove of seed Selling at shows and plant and plants, many never seen sales gave Watkins an oppor- in Britain. She has since tunity to meet other garden- been back to Lesotho, to collect plants which, because sively, she engages they grow at high altitudes. customers in enthusiastic stand a good chance of being

Any industry grinds to a vola aemula, an Australian halt without innovative plant with mauve flowers, spirits. British commercial big firms topped up with

Farm Barn, Greenways Lone, Cold Ashton, Chippenham, piece and found it easy to Wilts SN14 8LA Tel: 01225

Make yourself at home during the holidays

Anne Spackman and Gerald Cadogan say summer home-seekers need to visit their chosen idyll several times if they are to avoid buying in haste and repenting at leisure

playing the lifestyle swap game while on holiday. It involves browsing through the property adverts, working out what you could afford if you sold your current home - or looking at the cost of buying rather than renting a base

For British buyers, a holiday house on the Continent is more enticing now than it has been for years. A strong pound means properties are between 20 and 35 per cent cheaper than last summer in a mostly sluggish European market, making prices cheap in tocal currency terms and even more

for your annual summer holiday.

so in sterling. It would appear to be a good time for UK holiday-makers to buy their own foreign nest. But, as such a situation cannot last for ever, it is

wise to be cautious. So, what turns holiday window-shoppers into committed buyers? And which factors make for a successful transition from annual visitor to home-owner?

Most visitors are on at least their third trip to their chosen spot before they consider buying.

To make the move successfully, it helps to have friends or family rooted in an area. Alternatively, many people move to the place where they can best indulge their

In any case, it is wise not to let compulsive house-hunting ruin your holiday, as too many viewings get in the way of the rest and recreation.

Instead, use the holiday to see how you like the area. Then go home, think about it and, if you are still enthused, return in the autumn, and keep on visiting until you find the right property.

people who are idly curious, giving them less attention than the serious potential buyers.

Agents are quick to sniff out

"I always ask, are you on holiday . . . or are you actually looking?" says Barbara Wood of Knight Frank's associate, B.D. Wood, in southern Spain.

If they are on holiday, she might give them a general tour. If they are serious, "they can look very thoroughly in three or four days." and "see the six or so properties on offer at any one time" that may suit their requirements and price range. "Go on for longer, and one loses concentration," Wood adds.

If possible, ring ahead to make an appointment with the local agent. Or consult agents in the UK before you leave, who will put you in touch with their local contacts. There is no extra charge, as the UK agents vendors pay to local agents.

Where to start the search for your own summer hide-away

some of the properties hour's drive of a good airpeople buy here on impulse." said agent Michael Daniels, who returned to his native Ireland last year. Americans, he says, are particularly prone to temptation. Beautiful countryside coupled with the refreshingly relaxed attitude to life, is a heady mix to resist, though the

rain can prove a dampener. find this year. Prices have risen 20 per cent, with expatriate Irish buyers and many European nationalities competing for the best. Knight of which exceeded their per cent. guide prices. Rathkenny, an drive of Dublin Airport, in 0171-493 8222 the good horse country of County Meath, sold for 1£570,000 (£637,000) against a guide of 19460,000. Drimbawn, an immaculate period buyers are small wooden house overlooking Lough beach houses in a great posi-Mask in County Mayo, with a five-hole golf course, fishing and 64 acres, sold for IE1m. a record price for the west of Ireland.

A more modest three or four bedroom house with an \$3m (£1.7m) home and is "You would be amazed at acre of garden, within an port and near the coast, is 1£200,000, according to Colin Mackenzie of Hamptons. Farther inland, north and east of Cork and Galway, prices

fall to nearer £100,000. Cottages in the Shannon, which is popular with German buyers, cost between I£60,000 and I£100,000, Country houses in good depending on location or condition have been hard to condition. "You can still pick up a wreck for LC30,000," savs Daniels.

Apart from the normal estate agency and lawyer fees, the one nasty surprise Frank (KF) has just sold two for overseas buyers is that large houses at auction, both stamp duty is charged at 9

☐ Michael H Daniels, Cork: 18th century house with 140 00353 25 39145; Knight Frank acres and within an hour's 0171-629 8171; Hamptons

Long Island

Fashionable for East Coast tion overlooking the sea. Philip Fenwick Elliott, who runs Sotheby's office in Southampton, says he has

looking for "a Waspy cabin" instead. "I'm getting more and more requests for somelikely to cost around thing peaceful and simple. with a beautiful deck and view," he says. "There is a move away from the grand house with marble bath-

> Smaller village houses just a bike ride from the beach can still be bought for between \$200,000 and \$300,000. But anything by the "ocean", however simple, commands a hefty price tag. Prices of between \$2.5m and \$5m are paid for the classic 1920s grand houses. "Anything between \$2m and \$2.5m is regarded as good

says Fenwick Elliott. This is prime weekending and holiday country for New Yorkers. Those who can lies on Long Island for the 'season" from Memorial Day to Labor Day (last Monday in May to first Monday in September), with the father commuting. Many wealthy owners let their houses during the summer, achieving prices of up to \$350,000 for three months in a large

US real estate brokers charge 5 or 6 per cent commission, paid by the seller. □ Sotheby's International Realty, Southampton 001 516

Southern France

The sun is starting to shine again on houses in the Côte d'Azur. Across Provence, buyers are returning to take advantage of the cheap franc and the lengthy French property recession.

For buyers in sterling, prices have fallen by 30 per cent, largely as a result of the rise in the value of the pound. Buyers in dollars ~ who include many western Europeans, as well as Americans - have also benefited. The result has been a substantial increase in interarrange it, base their fami- national house-hunters, particularly from Britain. Hugo Skillington, who runs Knight Frank's office in Grimaud, near St Tropez, did as much business in the first month of 1997 as in all of

Asking prices, often set more in hope than expectation, are not rising and there house on the ocean or \$5,000 are still bargains to be one client who has aban- a week for a beach house in found. But buyers might

struggle to knock down asking prices by more than 25 porteau, an exceptional house on the coast at Cavalaire. which has been on the market for some time, have just raised their asking price from FFr15m (£1.5m) to FFr16m, because of current interest

Richard Wolf of Riviera Retreats, which rents and sells villas in the south of France, says the basic starting price for a decent villa is around FFr3m. For something good, expect to pay FFr5m. The expensive homes in the best positions on the coast can cost 10 times as much. Knight Frank is asking FFr48m for a large, pristine villa with a pool and tennis court near the village of Mougins, 20 minutes from Cannes.

Inland from the prime coastal regions, in the pretty hill-top towns, buyers should expect to pay around FFr25m for a three or four bedroom period house. Hugo Skillington is selling two properties at that price, one with a pool. in villages north of St Tropez.

David King of Hamptons says the eastern end of Provence seems quiet. Buyers looking for value in the south are concentrating on the Gascony/Lot/Tarn areas. where they can get so much more for their money. The Dordogne is still a buyer's market, with the stock of property keeping prices

Buyers should expect their conveyancing costs to come to 10 per cent of the purchase price, with taxes taking the lion's share of the

 Hugo Skillington, Knight Frank 0033 494 43 28 63; Riviera Retreats 0033 493 12 34 00; Hamptons International

North-west France In Brittany and western Nor-

mandy, demand for holiday homes, says Vivian Bridge of North & West France Proper ties (0181-891 1750), is four times more than for retirement properties. (Retirees tend to go farther south to the Dordogne, Lot and Tarn.) The market, badly hit by the devaluation of the pound on black Wednesday in September 1992, is still in the doldrums, Buyers, says Bridge, should be able to negotiate discounts on the asking prices. A typical two-bedroom cottage sells now for between £25,000 and £30,000, and a larger house or manoir. for around £120.000-£150,000, which is remarkable value given the region's

proximity to the UK. A useful guide to property for sale throughout France, with lists of local agencies. sold each month at FFr12.

Southern Spain

Last year, British buyers took about 10 per cent of properties on offer in southern Spain, falling from about 80 per cent in the late

Now they are back up to 25 or 30 per cent of the total of buyers, says Barbara Wood of B.D. Wood, "People buying now looked last

The recovery in the British market in Spain is "currency-driven", she adds, finding that "people are edgy", mistrusting how long the sterling bonanza will last. It is grim for people who bought last year at 5595) is selling for Pta78m a Pta195 to the pound, who restored house with 20 hectnow want to sell. With the ares (50 acres) and a ruin pound now over Pta250, they face "a serious tumble"

For buyers there is plenty of choice in the prime area between Marbella and Gibraltar. On the sea, or up in the hills? On a golf course.

decisions depend greatly on Umbria, as in Spain. But Devon and Cornwall buvers' long-term intentions only up to a point.

Postcards of home? Properties pictured include: La Petite Tourraque (South of France), FFr8.95m fro

Hugo Skillington; the El Ancòn Sierra scheme (Marbella); Addisford Cottage (Devon), £250,000;

Rathkenny, which sold for £637,000 (Ireland); and an 18th century vilta near Todi in Italy (Sienal

on whether they are Chiantishire, between looking for a second home or Siena and Florence - a market that is 99 per cent holi-Another increasingly popdaymakers with very few ular option is weekly com-British people living there muting from Spain through all the year - remains expen-Gibraltar or Malaga, while sive, especially compared keeping a pied a terre in the

with Andalucia. At the same time, the mar-In the prime area west of ket is buoyant. Two properties recently offered by Chianti Estates (at £1.45m and £2m) sold in weeks. Redundant farmbouses are

favoured but the supply is

finite and by now any capable of restoration must have been restored. An alternative is to go 40km south-east of Siena to Montalcino, home of Brunello di Montalcino wine, where the Frescobaldi family, known for its wine. is selling nine 18th century Down the coast towards farmhouses on its Castel Giocondo estate. They are unrestored - with traditional tile floors, stabling and stone and brick arches and bave outline planning permission for restoration and a swimming pool. With prices between £250,000 and £650,000 (unrestored), the

end product will not be cheap. Each house has about one hectare of land. The agent is Chianti Estates (0039 577 731120) or KF (0171 629 8171). Another possibility is to

buy for L2,060m an 18th century villa near Todi in Umbria. It has a converted 17th century olive pressing mill and 16 hectares, which include Sha of olives for a supply of one's own first

The two counties are on a long peninsula offering a variety of properties, from cottages and farmhouses in warm, hidden valleys in the south, to the moors or north coast cliffs. Sailing is better on the south coast, beaches on the north.

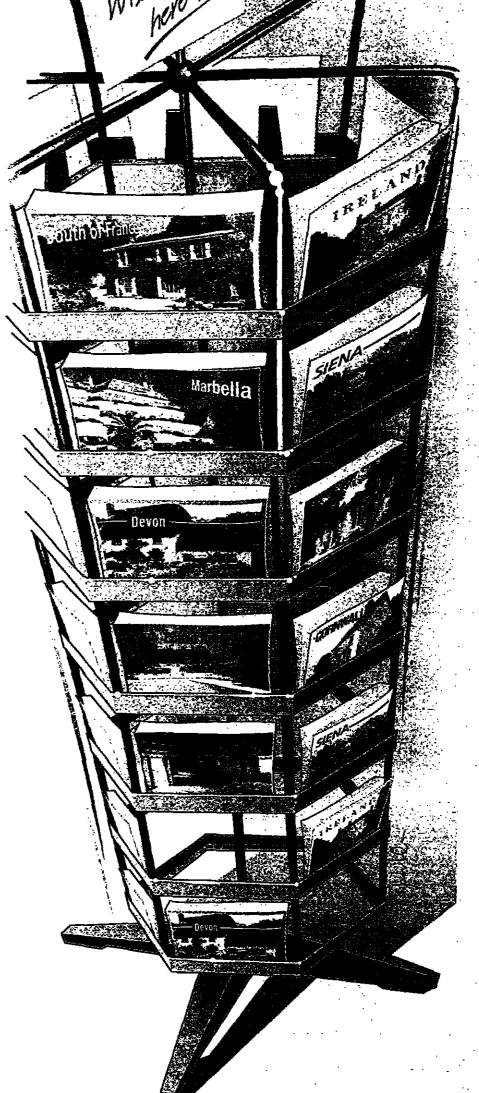
Improved rail and air links make commuting feasible, says Jonathan Haward of Truro buying agent County Homesearch (01872 223349). He finds few impulse buyers. but some return in the autumn for serious looking. The busiest time for inquiries is January. Two thirds of the buyers

with Salcombe estate agent Michael Weller (01548-843246) are from London and the home counties, especially the Guildford, Reading and central London postal zones. Many go for the sailing. . The firm offers Brook Cot-

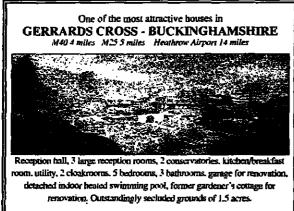
tage (and its wisteria) at Combe near Salcombe, a mile from the beach, for £285,000, and the Old (Baptist) Manse in the town for £165,000. In a dramatic cliff-side

spot above the bar at the entrance to Salcome harbour, Marchand Petit (01548-844473) is selling Bar Lodge for £259,000 - and, for £92,500 a modern threebedroom cottage on Frogmore Creek near Kingsbridge_

Addisford Cottage at (inland) Dolton is picturebook Devon, thatched, listed and old. With '11-acres." costs 2250,000 from Hagh McKenzie (01392-499699).



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The spiralling pound - it now buys about L3,000 - has brought down the prices for pressing. The agent is Brian or beside a marina? These UK buyers in Tuscany and A. French (0171-735 8244).

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and the Puerto Banus

marina, B.D. Wood (0034 5

288 3710) offers flats in the El

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nificent hilltop villa from the

agent. La Alhaja between

Marbella and San Pedro, for

Gibraltar. Hamptons (0171-193 8222) is selling two

villas on the Sotogrande

estate, both priced in ster-

ling. Los Arcos costs £665,000

errama part of Sotogrande

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place in September) £890,000.

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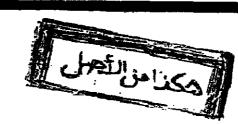
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On The Thames

A voyage of rediscovery

Gerald Cadogan regrets waiting so many years to take the scenic route into Oxford

about 15 minutes from Abingdon Oxford, depending on the traffic. By boat on the river Thames - known as the Isis on the Oxford reaches - it was almost two hours of a Windsor and Marlow. summer evening dream that I wished would never end.

F2/AUGUST 3 1997

Oxford appeared in spectacular fashion. We did not see the heart of the city until we were in it. Only in the last minutes of the voyage. once we had passed the college boathouses, did the familiar towers, spires and domes rise suddenly before us on the far side of Christ Church Meadow.

Merton tower dominated the handsome vista. Then we docked by Folly Bridge. I have been coming to Oxford ish to have waited so long. expedition for our visitors, rural Oxon.

material exempts

A COLUMN CONTRACTOR

Won and Commi

car it takes an alternative to Blenheim. We embarked at Abingdon Bridge, which lies at the end of the old town where the water meadows start. Soon we were in the first of three locks on this stretch, which is quieter than between

Here, few cruisers ruffle the water and riverside houses are scarce. It is a magical slow progress. Rushes fringe the river, and trees grow out of the water. Cows have trodden down the banks where they drink. The humans are fishing. Nearer Oxford, some of them jog. Passing under the iron

girder bridge on the main line between Didcot Parkway and Oxford, we looked up to our right at Nuneham House, a Georgian pile that does not have the finesse of for 37 years, but this was the its classical church next first time by boat. How fool- door, a surprising urban conceit which "Athenian" Stew-But it will now be a regular art designed in 1764 in deep

The river is no place for the sophistications of technology. Although they are constantly near, it detaches one from the roar of the trains and the buzz of the big roads that encircle Oxford, and the skeins of electric wires and pylons on

the horizon seem irrelevant.

Instead, as it has always done, the Thames/Isis widens here, and narrows there, or disappears into a greengrey tunnel of trees and water. A pair of swans search for food, bottoms-up, their long necks down in the

After the second lock at Sandford-on-Thames, we came upon the first of the old barges the Oxford colleges once used for watching the eights. A few were still in service when I was an undergraduate, but now they are relics. We passed one burnt out, and one restored. Soon we came upon a grave-

The keepers at Sandford and Iffley locks must be in competition, they each have so many roses. Iffley also has a wealth of bridges some are wooden-covered bridges and look as if they belong in the Alps, One is a

As we neared the city, the towpath became wider, for joggers, cyclists and trainers shouting to their crews. Then came the college boathouses, by the spot where the Thames, and the great

semi-circle of stone with bal-

ustrades.

view of the city. Folly Bridge is a grand 18th century structure, with the agent for the new Berke-submerged punts beneath it. ley Homes conversion of Riv-Just unstream from Folly Bridge, a two-bedroom riverside cottage (8 Jubilee Terrace) is for sale from Mallams (01865-241466) for

At Iffley, Carter Jonas | Salter's passenger boat seryard of old boats lost in the (01865-511444) offers a basi- vices: 01865-243421.

listed grade II, overlooking the lock for £285,000. At Abingdon Marina Knight Frank (01865-790077) is selling a first floor flat, with a garage and a private mooring in the marina, for £147,500.

Downstream from Abing don, the same agent offers the 17th century Rectory Farmhouse at North Stoke with eight acres, a long river frontage and an indoor swimming pool for £2m. Or, Katana House at Shil-

the river Cherwell flows into lingford Bridge is available for rent at £3,000 a month through Hamptons (01491-572215), which is also erside House at Burcot, a training centre for British Gas now being turned into Nats. It has fine views towards the famous WittenOn The Move

Cooling winds preceded Budget

The traditional ripple of activity from the core in London has returned, says Anne Spackman

chancellor may like to claim the credit for stilling London's property boom with his Budget measures, there is continuing evidence that the market started to cool three months earlier.

The Nationwide building society reports a fall in house price inflation in London starting in April. Prices in the year to the end of March rose by 21 per cent, compared with 17.5 per cent in the year to the end of June. Similarly, Hamptons international recorded increases of 4.6 per cent in the second quarter. compared with a big 12.4 per cent in the first. In the latest quarterly survey by the Royal

Institution of Chartered Surveyors, Strutt and Parker report less frantic trading in their Kensington office. "Overseas buyers may be starting to suffer from the strength of the pound," they suggest.

The strongest area of the market now seems to be in Greater London and the rest of the south of England. Hamptons reported rises of 5.3 per cent in southern England in the second quarter, with 3.9 per cent recorded by the Nationwide in the outer Metropolitan area. The Nationwide's quarterly review sees this as evidence that the traditional ripple of activity from the core in London has returned.

The most buoyant remarks from the 273 estate agents reporting in the RICS survey come from the south-east and south-west. Patrick Bailey of Strutt and Parker reports 77 viewings in three weeks for a period property near Andover in Hampshire, priced at £375,000. His colleagues in

Exeter say they are experiencing the strongest market for country houses since 1988.

It remains to be seen whether the small increase in stamp duty on properties in this price range, coupled with the reduction in mortgage interest tax relief. will have any impact. Estate agents say neither factor is as influential on the market as rising interest rates.

The surge in prices in the south this year has brought a further drop in the numbers of bouseholds with negative equity - where the value of the property is lower than the mortgage. In the first half of this year the figures halved from 810,000 to 410,000, according to the Nationwide. This compares with a peak of 1.7m in the fourth quarter of 1995. The south-east remains the worst affected region. The Nationwide predicts a further fall to 170,000 by the end of the year.

In northern areas, where prices for all but the best properties are generally stable, there are real worries that higher interest rates may stall what is only a fledgling recovery. Sanderson Taylor in Middlesbrough says demand for houses in good condition in sought-after areas continues to be strong, but property in poor condition and/or unpopular areas is still selling slowly and often only at a discounted price.

Potential for restoration

There are three properties on the market in the Cambridge area which will appeal to buyers attracted by the words "in need of

ITALY

of Little Gransden. just across the Bedfordshire border, is a 17th century thatched cottage, with attached thatched barn and cart shed, in need of total renovation. The cottage has two hedrooms, one with a shower in the corner, a kitchen and a sitting room, but there is potential to extend into the barns. The cottage sits in three acres of land, much of it a wheat field, opposite the village church. Bidwells in Cambridge (01223-841842) has set a guide price of

In the village of Houghton. Cambridgeshire, the same Bidwells office is selling a cream-washed Elizabethan house, now divided into two. The larger portion. Buckley House, has five bedrooms and two reception rooms; the smaller part, Thrae Cottage. has four bedrooms and two reception rooms. Buckley Cottage has excellent gardens of nearly one acre with a summer house and dovecote. The whole property is priced at £365,000.

For those with deeper pockets, Warren Park, one of the best studs in Newmarket, has come on to the market with Knight Frank (0171-629 8171). The property contains two studs Warren Hill and Ashley Heath - both in excellent condition, but the main house requires substantial improvements. Built in the style of the large houses on the edge of Le Touquet in France, it has four reception rooms, an indoor swimming pool, four main bedroom suites, six further bedrooms and two staff flats. The guide price is £4.3m, though the property is also offered in three lots.

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TRAVEL

A sense of history amid the bomb damage

For Jack Barker, Vietnam's past of imperial and military excess is indeed another country

walking behind. At every crest a new vista of blue sea, curving sandy bays, and hills rising up to the mountainous interior was a source of elation.

Water tanks on the roof drip-fed damaged cooling systems and trickled out in trails on the tarmac. As tourists we sped past in a four-wheel drive provided by World Vision that must have been intended for a better use, but this cut the journey from the airport at Danang to the historic capital of Hue to less than two hours. Here. I had been told, were

This gave no idea of the grandeur of Hue's archaeological heritage. Although younger than other famous eastern monuments such as Angkor Wat and Pagan, having at most some 300 years under their belts, the tombs of the empire that preceded French colonisation are of similar scale and beauty. That they are so recent plenty of Vietnamese with makes the story of their building even more striking and redolent of imperial

My favourite tomb was built by Tu Duc, who died in 1883. Soothing courtyards wind between ceremonial temples, set in landscaped lakes filled with lotus plants. The emperor's morning tea would be made with dew collected from their leaves.

Building Tu Duc's tomb over three years put such a Americans to penetrate this dent in the economy that it type of defence. sparked a serious insurrecmight have joined if they had known what the future held. The 200 who took part in his burial were beheaded to keep them from disclosing the grave's location to rob-

Built to be used as royal retreats as well as final resting places, the temples of Hue are scattered over the countryside to the south of the city, mouldering in the fertile heat of a lush tropical

paradise. There is plenty to see in Hue itself. The enormous Citadel was upgraded from earth to brick in 1804, and the Vietnam war. During the Tet offensive of 1968, the Vietcong occupied the Cita-

Sions of war: the Citadel in Hue, pockmarked by bullet hole

R & R on China Beach: US troops tried to relax here during the war

he local buses del and it took the inched up the Americans a month to get it coast road with back. The walls are still their passengers pockmarked by bullet holes and pierced by shell-bursts.

The Citadel once housed the main residential area of the city, but no rebuilding has been attempted and the four square miles enclosed by the main walls and moat have been repossessed by farmers.

Most of the fighting happened a few miles further north. around the de-militarised zone that was meant to separate Vietnam into two.

Towards the DMZ, burntout sentry posts stand mutely by rivers, and bombed churches are left to testify to the fighting. Veterans of the American film industry will not find any of their heroes striding through swamps or the photogenic roadside tanks that live on in the brochures.

ny abandoned weaponry has long since been sold off for scrap. and there are local metal detectors - sticks digging up the countryside looking for more.

Some of the other memories of war are ready-dug. North of the DMZ we found the village of Vinh Moc. repeatedly destroyed by American bombs. To survive, the 2500 villagers burrowed underground in a maze of tunnels, digging ever deeper to escape the bombs developed by the

at Cu Chi that have been sanitised and enlarged for tourists. In sweltering humidity we crouched and crawled through tunnels that seemed to go on for miles, trying to imagine the narrow spaces being home to living communities for years on end - cooking, giving birth, and dying in tunnels 50 metres below ground.

clothed.

into history.

five outcrops - made, sur-

- and riddled with natural

caves. Lit by shafts of sun-

Danang.

After just an hour underground, muddied and hot, we spilled out of the tunnels for a blast of welcome air near a small village hall maintained as a museum. Inside, photographs of the not completely destroyed by area taken during the war show the remains of the village as a muddy field of battle, like a scene from the

first world war trenches. Salvaged armaments and cooking implements are incense. interspersed with smiling

One last cave: tour quides lead visitors to Marble Mountain, overlooking China Beach

group shots of eastern bloc leaders during ceremonial visits to the famous defences. Almost a part of s our retinue of 20 local children - barefoot, emaciated and scarcely The guide translated their tour guides. complaints that the village

could not even get ice. and ernment guide wasn't was dependent for food on enough. I was adopted by a the poisoned soil of the batnine-year-old powerhouse tle zone. There is little to called Nam, who behaved show for heroic efforts in a less like a guide than a forgotten war fast drifting young puppy hoping for rescue from a dog pound. No trip to central Vietnam

would be complete without sticks in case I found relivisiting Marble Mountain gion, he bounded up the and China Beach, both near Marble Mountain is one of prisingly enough, of marble panted in the morning heat. "Now we go to big cave," light from above, ancient

he said. Perhaps worried I would lose enthusiasm, he stifled a laugh as I fought a battle of my own with a lightweight tripod. "One small cave, where Vietcong women shot down 18 American planes.

a hidden motive for rushing me: turnover is a familia: concept in fast-developing Vietnam. "Last big cave then no more: taxi!" Nam was clearing the decks for the next sweating tourist. I was a bit mystified why

should want to go to China seemed a good idea.

The clear waters have missed any pollution during the last 20 years. The beer might be warm but the water is, too, and the beauty of the surroundings, in the heart of the sea-washed S-shape of Vietnam, makes it all worthwhile.

The fish make good eating, too. I looked back at Marble Mountain, hulking like a grave overlooking the beach, History in Vietnam is recent,

Buddhist and Confucian shrines glow in a cloud of

During the war, it was home to guerrillas who watched US troops relaxing on China Beach in between shooting down their aircraft. The Americans never read ised where the anti-aircraft fire came from. It is now run by an infantocracy of tiny

But being trailed by a gov-

Clutching a bunch of joss stairs and gave us a running commentary on our progress. "Half way up, only 122 steps more." Mystified, he watched as I stood and

Suddenly, I realised he had

Beach, as I hadn't even heard of the American TV series that made it famous. But by this time I was tired of being guided, and a break drinking beer in the sun I was the only westerner there. Since the crowds of

Americans left, after R & Ring in full view of the guerrillas in Marble Mountain, China Beach has reverted to its traditional use: fishing, The gleaming white sands are dotted with coracle-like boats and broken by small armies of Vietnamese in conical hats pulling in long fishing nets.

and all the better for it.



WALK IN THE WILD: African Explorations has persuaded Richard Bonham, one of Africa's most experienced guides, to put together a special satan, including Tanzania's Selous game reserve - one of the least visited, wildest and largest in Africa ~ Mwagusi, a remote reserve in north Tanzania, and five nights by the Indian Ocean. The group will be no larger than eight, the dates are September 14-29 and the price is £3,450. Details from +44 01993-822443.

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SCOT LOT: Bonnie Prince Charlie stayed in Castle Stuart near Inverness (allegedly) and so can you: complete with four-poster beds, it's one of the many castles and mansions on the books of Scotts Castle Holidays (+44 0131-446 9717). It has a sister company, Elegant Ireland, on the same number.

☐ INDONEASIER: Travelscene clients in Amsterdam (+44 0181-427 8800) get a free guidebook. to the city's best *rijstaffel* "brown cafés" - the ones with the charming nicotine: stains on walls and ceilings. For singles it recommends Speciaal estaurant, which, unusually, does a rijstaffe - a kind of exotic mini-buffet - for one

Lancaster's annual Georgian Festival, on August 25, will recreate an 1804 provincial fair, complete with Cabinet of Curiosities, Captured Wildman and Pig-Faced Lady, and national sedan-chair carrying championships. Programme from the tourist centre, +44 01524-32878.

☐ CANVAS SUPPORT: Considering camping in France, now that sterling is strong? Eurocamp (+44 01565-626262) has 114 sites. Among smaller operators, Canvas (+44 01383-644000) offers Freedom Passes from £129, which get you in cheaply to 50 sites. Sandpiper (+44 01932-868658) offers a granny-nanny discount -free holidays if they accompany families with fewer than four children.

☐ US WAY: How to find out about the US now that the London tourist office has been closed? Essentially America magazine offers a free 60-page travel planning booklet with contact numbers, airline details, theme park phone prices and plenty more. Free on +44 01891-600530.

☐ SAFETY DRIVE: As 30 per cent of motorway accidents are due to tiredness or stress, many of France's autoroutes have a summer programme in which rest stops offer free massage, and sight and reflex tests for drivers along with art exhibitions. archery classes, bouncy castles, tyre checks. Shame to get back on the

☐ PERSIAN PLACES: Explore seldom-visited Iran with Jasmin Tours: 16-day trips visit Tehran, the ancient sites of Bishapur, the beautiful blue-domed city of Isfahan, and much else. Headscarves provided for tourists. Details on +44 0181-675 8886.

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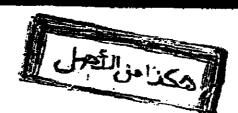
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TRAVEL

A whiff of diesel on the spice island

Sarah Murray takes the road to Zanzibar and finds it anything but comic

Hope and Bing Crosby found it in the classic 1941 *Road* movie. To those for whom even the another poor outpost of running a hotel - with an name is surrounded by the perfume of cloves and its position in the world. images of Arab traders, Zanzibar today appears a little that. While the phrase "all is remote places to welcome a sad and shabby.

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spices that once permeated the narrow streets of the old

to a soggy government plantation, and in some ways the place seems to be merely Africa struggling to regain

But it is not as simple as not what it seems" may be a The pungent smells of little tired, in Zanzibar it rings true. A cocktail of

white photographs taken by his father crowd the damp walls. African presidents dozen alongside pictures of Queen Elizabeth - accompanied by a teenage Prince Charles - and a snap of Marshal Josef Tito, the Yugoslav strongman, setting foot on the runway of Zanzibar's tiny airport. The island was at its most

cosmopolitan under Arab rule. In Memoires of an Arabian Princess, Emily Ruete. who exchanged her palace existence for life in Hamburg when she married a German trader, describes the luxurious world ruled by her father, Seyyid Saïd, Sultan of Zanzibar and Oman.

Sahel a painter would have found many subject for his brush," she writes. "Eight to 10 shades of colour could be found in the faces of the multitude fluctuating up and down ... the babel of languages in this society was Persian, Turkish, Circassian, Swahili, Nubian and Abyssinian were heard pro-miscuously next to Arabic."

t is not quite how turns out to be an unevent-came to work in the govern-Borothy Lamour, Bob ful trip in a stuffy minibus ment offices of what was then a British colony. Emerson Skeens, an Amer-

ican living in Zanzibar and amazing rooftop restaurant - reveals that the island was recently one of the more group of Bosnian refugees. Evidence of many of the

foreign feet to have trodden this ground can be found in the dimly lit shop of studio photographer R.T. Oza. where fading black and

"In our gallery at Beit il

Heady days in Zanzibar: all is not what it seems in this outpost of Africa, with its cocktail of influences although, according to the Omani consul, himself Zanzisub-continent built up the bar-born, about 2,000 still live on the island.

But the most powerful evidence of Zanzibar's rich international heritage is its architecture. This is not always exotic or beautiful. A hideous housing block near the Stone Town - a standing joke among locals - was the result of a friendship forged between former East Germany and Tanzania during the socialist years of the Nyere government.

The splendid Omani and Indian mansion houses of the 19th century with their great carved wooden doors, balconies and lattice screens are remnants of the heady days when Zanzibar was a hub of international trade particularly diverting and thousands of slaves were bought and sold every year at its market.

After the Omani Sultan's permanent move to the Arab days ended when island in 1832, the town they were turfed out in the evolved into ranks of elabobloody revolution of 1964, rate palaces and residences.

bazaars and sea-faring merchants built houses and warehouses along the water-

Here, near the quay from which, on sun-bathed evenings, young boys plunge into the waters of the bay with whoops and shricks. is a structure long seen as a symbol of the cosmopolitan outlook of 19th century Zanzibar - the Old Dispensary. Reopened this spring after

extensive restoration by the Aga Khan Trust for Culture - almost 100 years after its foundation stone was laid to commemorate the 50th anniversary of Queen Victoria's reign - the Old Dispensary was planned as a hospital. Yet, with its ornate carv-

ing (the most lavish of any building in Zanzibar) and splendid interior, the magnificent structure seems too grand for such a purpose.

Tharia Topan, the powerbuilding, did not live to see from India while tiles from

his scheme in bricks and mortar. His nephew, armed with designs from Bombay firm Gostling and Morris. continued the project, which was eventually completed

he Old Dispensary is a melting pot for all that is Zanzibari - from the Indian motifs of the exquisite timber carv-

through the initiative of Sir

Gerald Portal, the British

ing to the European plasterwork of the interior and its grandiose architectural references to European palaces. Bridges across the inner courtyard echo the Islamic covered walkways that allowed women to pass between houses without being observed.

The process of restorationrevealed how much of the rest of the world went into the structure of the building. Many of the doors and winful Indian trader behind the dows had been imported

France were found on the the building a new life as a

Some of the building materials reflect the trading activities of Topan himself. Bricks from Glasgow found in the walls were probably used as balast for empty ships on their return home and recycled in the construction of the hospital. "It's very Zanzibari, this kind of hybrid," savs Stephen Battle. site architect for the restoration project. "I've seen these Glaswegian bricks all over the town."

A sultry heat hangs heavily over this part of the Tanzanian coast, but fortunately the builders of Zanzibar knew a thing or two about airflow. There is extensive use of louvred shutters and balconies.

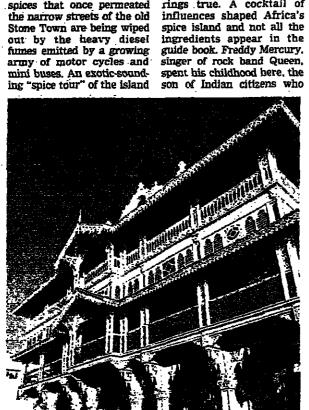
But restoring the building was no easy task. Rising damp had severely eroded plaster and a balcony that tilted at an alarming angle was just one of the problems to be tackled.

The restoration has given sel fumes.

cultural centre, with exhibition space and an audio-visual room. A restaurant is planned on the upper floor. while rooms on the ground have been turned into tourist boutiques, a library and, in an echo of the building's original purpose, a dispen-

The trust hopes the restoration will encourage other projects. It will not be easy. "It takes decades to revive a historic city." the Aga Khan admits, and architectural preservation is rarely a priority in an area that is developing quickly but chaotically. Between 1982 and 1992, about 85 buildings in the town collapsed.

Structural decay, combined with the desire to take the fast track to development, may see more monuments to Zanzibar's rich heritage vanish without trace - and the scented odours of the spice island sink beneath a cloud of die-



The Old Dispensary, a cosmopolitan symbol of another age has been restored by the Aga Khan Trust for Culture

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Serial shoppers find

lars on fashion labels.

sand. But under a brightening sky, the temperature on the desert floor soon climbed past 100°F (38°C) and all three children kicked off their shoes, ran past the only camel in sight and began filling their pockets with "gems". Sahara or Serangetti it

was not - rather five minutes from Junction 19 on Interstate 95. The familyowned Desert of Maine, boasting 300 acres of shifting sand amid the pines and spruce of New England. claims to be the "most famous natural phenomenon" in the last state before Canada. It has certainly made more money out of

tourism than out of potatoes. It was the Tuttle family's vain attempt to cultivate spuds 200 years ago that first exposed the sand deposited there by a passing glacier. Today, the desert cuts a swathe of brilliant yellow through the forests and attracts enough customers to sustain a convenience store, camp ground and small

army of tour guides. Once, there was a live hit by a recession that has camel but it was removed seen 15 stores close in the "after turning nasty and spitting at people". Although the beast has been replaced by a fibreglass model, guides Freeport residents are understill promise a "unique experience".

Few visitors, however. make the trek 130 miles north from Boston just to place, many locals are unimget sand in their shoes. They come instead to visit what local store owners regard as "the ultimate oasis for serial shoppers" - Freeport. Over the past 15 years, the onetime lumber village has been transformed into one of the country's leading centres for outlet retailing.

area is now better known for than 100 others. For most customers, the attraction of Freeport is pure and simple: runs Dorothy's Barbers on discounting. By getting out the outskirts of rown, is typiof their beds in Manhattan cal of those unhappy at local at 5am, they can be in Maine taxes. It is one of the reasons for opening-time and so save she and her husband Bill themselves hundreds of dol- rent out their summer home, a spectacular ark of a building tucked into the woods on

products also runs to a button outlet and the obliquely named "unfurnished furniture" store. Even the knife outlet, marketing blades criminalised in Britain, seems to be flourishing. But Beth Gleason, director of the Freeport Merchants ing or Christmas - that I ing inside Ebb Tide, where Association, says that decided to invest the money

despite rising turnover at in a special home." "anchor tenants" such as L.L. Bean, the area has been past year. While this is bad news for those working behind the counter, some stood to be relieved. For although the retail developers have largely preserved the clapboard charm of the It is easy to see why. pressed by the way their village has been annexed by the likes of Villeroy & Boch. called because it lies beneath (01798-869020). Virgin Atlan-Calvin Klein and Laura Ash-

There is a nostalgia for the old Freeport and some up shop, along with more up just so outsiders can go bargain hunting.

spenders and the surge in Indeed, the surrounding retailing, she explains, has fishing and shipbuilding so enriched Freeport that it no longer qualifies for the deck, crack their way its boutiques than its blue kind of state aid that previ- through freshly caught lobcollar industry; it is the ously cushioned the tax burplace where chains such as den on local residents. So dees and scarlet cardinals Gap and Benetton have set some feel they are coughing

The appetite for cheap nearby Casco Bay. They bought the land several years ago for \$8,000 and Dorothy's redundancy after she was laid off from a factory job. "I got laid off so ships. often - usually Thanksgiv-

> oday, the Guillemettes' rather speworth \$250,000 and has become one bathroom jacuzzi or brave a of the flagship cottages for cold dash to the hot tub out-New England Country side. "I've only been in it Homes, the slick UK outfit once, even though we own that sells bespoke holidays the place." he says. "But it from Maine to Rhode Island. must be a nice way to relax

The house - signposted Ebb Tide - sits astride Flying Point, an isthmus so one of the main air lanes for tic (01293-747474) and Budget migrating birds. Rather like an air traffic control beacon, the high flying geese and resentment in town," says swans are said to turn south Gleason. The arrival of big over Flying Point each year.

While they pass overhead, visitors to Ebb Tide can sit on the Guillemettes' wooden ster, and watch the chickafight for control of the gar-

From the rocks at the foot Dorothy Guillemette, who of the lawn, it is possible at children.

low tide to walk across the mudflats to the Sow and Pigs, a pair of rocky islands uninhabited save for the seagulls that feast on the mussels and crabs exposed by

the retreating sea. They are not the only foragers. Each dawn and dusk. local fishermen squelch through the mud to dig for bloodworms, a prized bait shipped as far as Florida. Holding up a writhing bucketful. Steve Moulton says he gets \$145 for every 1,000 worms dug from the seabed. "It's no way to make a liv-ing," he admits. "But I bet your office doesn't have this

kind of view." Moulton is dead right. From the floating wooden dock where the Guillemettes moor their canoe, the water laps away in all directions to spruce covered islands dotting the bay. To the west, there is nothing but the unbroken pine of Wolf Neck Woods, and beyond that built the house using Mast Head Landing, where the Royal Navy once cut lumber for their sailing

The view is no less arrestwindows stretch from the polished floor to the roof some 30ft above. And when the north-easterly winds churn Casco Bay, Bill Guillecial property is mette advises guests to lock about the doors and jump into the after a day in the stores or a walk in the desert."

■ Tim Burt was a guest of New England Country Homes Rent A Car (0800-181181). New England Country Homes offers tailor-made self-catering holidays in Maine, New Hampshire, Vermont, Massachusetts, Connecticut and Rhode Island, Prices range from £500 to more than £2,700 per person for two weeks, including property rental. return flights and car hire. Virgin Atlantic flies daily to Boston from London Galwick, and offers special facilities for families with young

Athletics Athens' search for famous names pays off

Prize money and record bonuses have attracted entrants to the World Championships. Pat Butcher reports

good massage after his alarming setbacks recently. First, there was the crushing experience of injury in the much hyped match race against Donovan Bailey in Toronto in early June. Then, after missing tanul admitted that he the US Trials, he suffered his first 400 metres defeat in break the steeplechase mark eight years in Paris. So the so that he could make 11th hour introduction of wild cards, allowing Johnson to compete in the World Championships, which begin in Athens today, will be doubly welcome.

Coupled with the manipulation of the timetable in Atlanta last year, to afford him the opportunity for his unprecedented Olympic double. Johnson probably thinks that all he needs to do in

> Johnson probably thinks that all he needs to do is turn up, and he'll be awarded a medal

future is turn up, and he'll be awarded a medal.

Nevertheless, there is comthe "name" that his US television sponsors demand. and, given that Johnson and his management were foremost in threatening withdrawal from Stuttgart four vears ago, unless incentives were forthcoming, old "golden shoes" needs this exposure so much, he would have turned up for nothing. Such are the vagaries of athletics politics. But the move

tion to it. Athletics' problems have been widely documented elsewhere - drugs, bad man-

has an element of despera-

ichael John-son's ego bat them. In addition to wild doubtless cards, there is official prize needed a money for medallists for the first time: \$60,000, \$30,000, \$20,000. Record world bonuses of \$100,000 are being introduced in an attempt to prevent a repeat of the Gothenburg championships two years ago, when Moses Kipslowed down rather than another bonus-rewarded attempt the following week at the Zurich Grand Prix.

And then there is the track surface. Following the world record sprint and jump performances at the Tokyo World Championships in 1991, it was admitted that the track did not conform to specifications. It was too hard. But that didn't stop the organisers in Atlanta last year, and now in Athens, laying a similar type of track.

It might suit the sprinters and jumpers, but certainly not the distance runners. After getting such badly blistered feet in winning the Atlanta 10,000 metres that he was unable to contest the 5,000, Haile Gebrselassie, world record holder for both distances, initially refused to compete in Athens.

The Ethiopian changed his mind last weekend, and it would be interesting to know just what efforts were made to conscript him. There was a report of threats pound satisfaction for IAAF by his federation, but it's that anot cedes was dangled in front of him. He already has two, from wins in Stuttgart and Gothenburg, and he still can't drive.

But there is an infinitely more serious side to this debate about "names". which has as yet gone unpublicised.

There is considerable disquiet among meeting organisers, sponsors and TV, over the number of "unknown" Africans flooding the Grand Prix and other tracks of Europe. Officials such as those behind the US road agement, too many disci-race circuit, which only pays plines, etc. And there are 50 per cent prize money to and can't express them-



example, only one of the top and it's beginning to sound 14 steeplechase perfor- racist. Nobody says anything mances this year is not by a about the many American Kenyan, and, apart from sprinters, and in the 1990s, it Kiptanui, few can tell who

the others are. Kiptanui himself offers the apologia: "Many of the Africans are not well-educated,

tances as a problem. For been going on for some time. was Britain which dominated the middle distances. Everyone has the same

> opportunities.' Gebrselassie has made a concerted attempt to learn

sports journalists to Addis Ababa last year to get to know him.

One of the great beauties of this sport is its universality. It is a broad church athletes from 200 nations are competing in Athens which is constantly renew-

ing itself. Let Carl Lewis and Linford

doesn't win the 400 metres?

The US has 10 other world

champions to call on many

more than any other country

in Athens. There are other

electrifying performers: Wil-

son Kinketer, Hicham El

Guerrouj, Ana Quirot, Dono-

van Bailey, Svetlana Master-

kova, et al. Let's hear more

about them from the IAAF.

Racing A victory for the oldsters

Five-year-olds are good news, says Michael Thompson-Noel

appose you were a billionaire who had wanted to grab a few headlines by buying, on the spot, the entire line-up - eight racehorses - in last Saturday's 1½-mile King George VI and Queen Elizabeth Diamond Stakes at Ascot racecourse. How much would you

have forked out? It is impossible to give a precise answer. The valuations attached to top-flight racehorses while they are still in training are usually guarded

But had you bought all eight King George runners last Saturday morning, you would have had little change from \$100m.

This is because seldom, if ever, has such a distinguished line-up of middle-distance champions been seen in Europe – or anywhere else. The reason so many

superlatives were draped round the necks of last Saturday's runners is that this year, Ascot's big Diamond race, sponsored by De Beers, attracted a star-studded cast of mainly older horses. Only one three-year-old was in the line-up. Of the

other seven, three were four-year-olds, including the mighty Helissio, who is French-trained and Spanish-owned, and Shantou, trained at Newmarket and owned by Dubai's crown prince, Sheikh Mohammed bin Rashid al-Maktoum. In addition, there were

three world-class five-year-olds, Swain and Singspiel, both owned by the Maktoum family, and Pilsudski, owned by Britain's Lord Weinstock. Finally, there was a six-year-old, Strategic

The eight runners had won a combined £8.43m in prize money before last Saturday's race, which itself offered a first prize of

Top trainers say racehorses are at their physical peak at five years

Michael Stoute, the trainer of Singspiel and Pilsudski, said recently that a raceborse that can still cope with the physical stresses of training and racing at five years of age, without losing the plot mentally, must be a very tough customer indeed. Those were prophetic

words, because racegoers who backed the five-year-olds at Ascot were lavishly rewarded by the

One of the five-year-olds, Swain, won the race at 16-1, a length clear of another five-year-old, Pilsudski. who started at 6-1.

The Tote dual forecast (name the first two, in either order) paid a bountiful £45.10 for a £1 stake. The four-year-old Helissio was third, 14 lengths behind Pilsudski, at cramped odds of 11-10. In fourth place was the other five-year-old, Singspiel. Sheikh Mohammed and

other experts say there are several reasons why rich owners are leaving top-flight, middle-distance horses in training at the end of their three-year-old

The reasons include faster jet travel and the allied emergence of an established circuit of

> **Experts** detest the thought of insufficiently tested threeyear-olds being hustled off to stud

lucrative 114 and 11/2-mile races for all ages in Europe the US, Japan, Australasia and Dubai.

In the past, the premature removal of star racehorses from the track at the end of their second racing season was caused by economic pressures associated with the high prices for which champions are syndicated as stallions, and was equally unpopula with racegoers and bloodstock experts.

Racegoers like the cut-and-thrust of all-age, all-star racing, while bloodstock experts detest the thought of insufficiently well-tested three-year-olds being hustled off to stud prematurely at inflated

Helissio was only third last Saturday, but is still thought to be worth close to \$24m, while Swain, Pilsudski and Sinespiel ought to be worth \$18m to \$22m apiece.

Before they retire. members of this quartet are likely to clash again perhaps more than once. If it continues, the march of the four. five and even six-year-olds could prove the best news for racing in a long time.

American Sport

Money makes the pitch go around

Now's the season for buying and selling players, says Jurek Martin



Thenever the Amerihits a lull - as it has now - one subject is always sure to raise its head. It is, of course, money, not merely the root of all evil but also, some times, the source of championships and titles and later careers in politics, the movies and even San Quentin prison.

It is most obviously on baseball's mind, though it cuts across all sports. The day before yesterday was the deadline for contending teams to make the sort of trades for veteran bats and proven arms that could put them in the post-season play-offs, perhaps the World Series. It is no secret who the prime

available players are: Mark McGwire of the Oakland Athletics, the most prolific modern Curt Schilling, a fine pitcher with selves to the highest bidder. the terrible Philadelphia Phillies. Ivan "Punch" Rodriguez of the Texas Rangers, probably the best catcher around, and Dante Bichette and Andres Galaragga, a pair of potent sluggers from the Colorado Rockies.

All play for sides going nowhere this season and each could, therefore, command hefty the basket. That should guaranprices, mostly by unloading large tee a return to the Chicago court salaries in exchange for other good players in a trade. It is not a Pippen, who had threatened to fool-proof process. Stars such as take their incomparable skills football does not properly start David Cone, now pitching for the elsewhere if Jackson were not re- until next month. But the word

Atlanta first baseman, made can sports season instant impact for their new teams when acquired in midseason, but some of the unsung players included in the deals turned up serious trumps later -Brady Anderson of the Orioles. Jay Buhner of Seattle and John Smoltz of Atlanta.

It is even more complicated this year because in November players will be chosen for the two new sides being formed in Arizona and Florida - the Arizona Diamondbacks and the Tampa Bay Tarpons. Each current team will only be able to protect 15 players on its current roster. Some will be sorely tempted to make a pre-emptive sale of top players now, especially those a little long in the tooth or, like McGwire and Rodriguez, due in any case to become off-season home run hitter when uninjured, free agents able to sell them-

But baseball, two-thirds of the

way through its year, is not alone on the money wheel. Ten days ago the Chicago Bulls basketball team signed up Phil Jackson for another year as coach - at a cool Som. easily the largest contract ever awarded to someone who no longer personally puts the ball in of Michael Jordan and Scottie Yankees, and Fred McGriff, the engaged It also makes their joint out of most training camps is of otte has still not managed to cash

quest for a sixth NBA title this deals done and not yet done. in He thought his good year last decade the leitmotif of the next

basketball season. Even ice hockey, the ultimate winter sport, is having its midsummer speculative fling. This week. Mark Messier, on the downside of his 30s but still the best sidekick the great one (Wayne Gretzky) ever had, announced he was forsaking the New York Rangers for the Vancouver Canucks for about \$20m

Some will be tempted to make a pre-emptive sale of top players who are long in the tooth

over the next three years. It is getting empty in New York now that Hideki Irabu, the Japanese pitching phenomenon, has been dispatched to the minor leagues to recover his form.

Though Pittsburgh and Chicago were in Dublin last weekend for a pre-season game, American

Indeed two-thirds of the National Football League's team will have either new coaches or quarterbacks or both, which perhaps explains why training camps are as long as they are these days.

Some players have quickly capitalised on new-found fame. Desmond Howard, the most valuable player for his Green Bay Packers in last January's Super Bowl, will now be running back kicks in the sinister silver-and-black of the Oakland Raiders, with a \$6m plus contract inside his helmet, not bad for someone considered washed up this time last year.

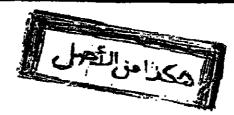
He may also catch a few passes from the itinerant Jeff George. the quarterback who never seems to stay in one place for long. George has replaced Jeff Hostetler, whose regular trans-contiwith the Washington Redskins as back-up to Gus Frerotte. It was Frerotte who made non-

Redskins' number one choice and earned a \$19m multi-year contract, while Frerotte, a seventh mum wage (for a football player, shipped to New Orleans, for re-

season had put him in line for serious money, but had to settle for a mere \$1m. guaranteed for only one year and with Hostetler. a good player, looking over his

shoulder. But the real problem for the Redskins, whose defence proved fatally porous last year, remains the story of financial deals undone - specifically with Sean Gilbert, the veteran lineman. though Kenard Lang, the defensive end and top draft choice. finally signed up this week. (There is uncertainty of a different kind hanging over the head of the capital's team, which will now be playing in the Maryland suburbs, it involves the complex will of its late owner, Jack Kent Cooke, and the flame-haired South American temptress who nental shuttle has landed him may, or may not, have been his wife when he died; but that is definitely another story.).

Still, there is one thing to be sense of money by proving a far said for the fixation on money. It better quarterback than Heath does full the gap before the US Shuler. Drafted out of college in PGA championship and the the same year, Shuler was the Ryder Cup in golf, before Sampras and Hingls claim their US tennis crowns; before the football season starts and baseball round pick, was offered the mini- reaches its stretch run. And it is singularly appropriate since the that is). Now Shuler has been prime August sports attraction offered by one US TV network is education under the volcanic a rerun of the last Tyson-Holycoach Mike Ditka, but poor Frer-field fight. Both fit the same bill - "ear today, gone tomorrow".



ਭੌਂsT 2/AUGUST 3 |ਐਨ

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INTERNATIONAL ARTS GUIDE

What's on around the world

E AMSTERDAM

EXHIBITION Van Gogh Museum Tel: 31-20-570 5200 Second of four summer exhibitions of drawings by Van Gogh. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

BASLE EXHIBITIONS

Offentliche Kunstammlung Basel Tel: 41-61-271 0828

Dürer/Holbein/Grünewald: majorcelebration of the quincentenary of Hans Holbein the Younger (ca. 1497/ 98-1543). Organised with the Staatliche Museen. Berlin, the exhibition consists of 170 old master drawings; to Aug 24

The Prints of Hans Holbein the

E BONN EXHIBITION

Younger; to Sep 7

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland Tel: 49-228-917 1236 Sigmar Polke: subtitled "The Three Lies of Painting" this show includes some 180 loans documenting Polke's work from 1962 to the present, and will transfer to Berlin's Hamburg station for that building's opening; to Oct 12

BRECON

JAZZ Brecon Jazz Tel: 44-1874-625557 The best thing about this three-day event is its Weish market town setting. On Friday the Benny Green Trio plays Christ College, on Saturday New Orleans trumpeter Nicholas Payton and his Gumbo Nouveau Quintet can be seen at the same venue. On Sunday the Carnegie Half Jazz Band, led by Jon Faddis, is at the Market Hall. Courtney Pine, Django Bates and Jools Holland are among the other attractions; Aug 8-10

DROTTNINGHOLM

OPERA **Drottningholms Slottsteater** Tel: 46-8-4570600 Orfeo: Swedish premiere of Luigi Rossi's 1647 version of the legend of Orpheus. The producer is Jack Edwards, the musical directors Stephen Stubbs and Paul O'Dette, the designer Robin Linklater and the choreographer Lucy Graham; Aug 2, 5, 7

■ EDINBURGH EXHIBITIONS

National Gallery of Scotland Tel: 44-131-624 6200 The Portrait of a Lady: Sargent and Lady Agnew. "Lady Agnew of ` Lochnaw" by John Singer Sargent (1856-1925) is the centrepiece of this exhibition which includes more than 20 portraits by Sargent himself - including Ellen Terry and Ethel Smyth - as well as works by his contemporaries and memorabilia from his studio. The exhibition also presents something of Lady Agnew herself including pictures and photographs of her family; Aug 8 to Oct 19

Royal Scottish Academy Tel: 44-171-624 6200 Sir Henry Raeburn (1756-1823): major exhibition of around 70 works by this most famous of Scottish painters, bringing together the works owned by the National Gallery with loans from around the world. The exhibition will travel to London; to Oct 5

Scottish National Gallery of Modern Art Tel: 44-131-624 6200 Matthew Daiziel and Louise Scullion: Endlessly - first showing for video installation created by the young Scottish artists on Scotland's north-east coast; to Sep 14

FORT WORTH **EXHIBITION**

Kimbell Art Museum Tel: 1-817-3328451 Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air, it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Rivieras in the 1880s, to Venice in 1908; to Sep 14

E GLASGOW **EXHIBITION**

McLellan Galleries Tel: 44-141-331 1854 The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pisamo. The six galleries tell the story of impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian cate society on the new painting; to Sep 7

KASSEL EXHIBITIONS

Various venues Documenta: giant five-yearly survey of contemporary art which takes place all over Kassel. Starting at the old railway station, this tenth edition has been selected by French curator Catherine David; to Sep 28

LAUSANNE Fondation de l'Hermitage



'Tara (?), Kneeling', Angkor period, late 12th-early 13th century, on display at Washington's National Gallery of Art Tel: 41-21-320-5001 Charles Camoin (1879-1965): retrospective which aims to Fauvism at the turn of the century and to show the development of his later work, including the influence of

Musée Cantonal des Beaux-Arts Tel: 41-21-312 8332 COBRA 1948-1951: organised to mark the 50th anniversary of a post-war group of experimental artists, who derived their movement's name from their three cities of origin; Copenhagen, Brussels and Amsterdam. The exhibition will travel to Munich and

LONDON

Vienna; to Sep 14

CONCERTS BBC Proms, Royal Albert Hall Tel: 44-171-589 8212

 BBC Scottish Symphony Orchestra: conducted by Martyn Brabbins in works by Bartók, Strauss and Mahler. With soprano Inger Dam-Jensen; Aug 7 BBC Symphony Orchestra and Singers conducted by Leonard Slatkin in works by Mahler, and world premiere of Roger Reynolds' The Red Act Arias; Aug 4

 Bournemouth Symphony Orchestra: conducted by Yakov Kreizberg in works by Mozart, Korngold, Markevitch and Stravinsky. With violin soloist Gil Shaham; Aug 5

 Georgian Folk Songs: performed by the all-male Rustavi Choir, conducted by Ansor Erkomaishvili; Aug 8

Jiří Bělohlávek conducts the BBC Symphony Orchestra in works by Bartok, Luciano Berio, Schubert and Dvořák. With mezzo-soprano Michelle

DeYoung; Aug 8

Royal Scottish National Orchestra: performs works by Glinka, Prokofiev, Tchaikovsky, and the UK premiere of Giya Kancheli's Symphony No. 3. With violinist Tasmin Little and counter-tenor David James. Conducted by Alexander Lazarev; Aug 3

 The Mecklenburgh Opera company: performs Mahagonny-Songspiel and The Seven Deadly Sins by Kurt Weill. The programme is completed by a selection of German cabaret songs;

 Trevor Pinnock conducts the English Concert and Choir in works by Bach; Aug 6

DANCE London Coliseum Tel: 44-171-632 8300 The Kirov Ballet: Fokine Programme

 The first of two programmes staged by Isabelle Fokine, the choreographer's granddaughter, consists of The Firebird, set to Stravinsky's score. Le Spectre de la rose, The Dylng Swan, and the Polovisian Dances from Prince Igor, Aug 2

 Fokine Programme 2: Les Sylphides, Schéhérazade and The Firebird, seen here together in 1995, provide the finale to the month-long season; Aug 7, 8

 Romeo and Juliet: presented in the original version by Leonid Lavrovsky, set to Prokofiev's score; Aug 4, 5, 6

EXHIBITIONS British Museum Tel: 44-171-636 1555

Arts of Korea: overview of Korean art and archaeology ranging from the Neolithic period to the 19th century. ude a roval gold crov from the Silla kingdom, early Buddhist manuscripts, Koryō ceramics and 18th century landscapes. The exhibition is scheduled to run until 2000, when it will be replaced by a new, permanent

Hayward Gallery Tel: 44-171-2610127 ● Rhapsodies in Black: Art of the Harlem Renaissance. For African American artists working in New York, the 1920s were something of a golden age, Harlem its dynamic centre. This multi-media presentation celebrates this decade of extraordinary creativity;

to Aug 17 Tatsuo Miyajima: Big Time –
comprising six installations by the young Japanese artist renowned for his use of electronic digital counters (LEDs); to Aug 17

National Gallery Tel: 44-171-839 3321 Cranach: A Closer Look. The Gallery's eight paintings by Lucas Cranach the Elder (1472-1553) are joined by three on loan from Copenhagen; to Sep 7

 Seurat and The Bathers: places Seurat's great "Bathers at Asnieres" in a context provided by his own earlier work, and studies and drawings for the painting, as well as works by predecessors who influenced him, and by his Impressionist contemporaries; to

Royal Academy of Arts Tel: 44-171-439 7438 Hiroshige: Images of Mist, Rain, Moon and Snow - celebration of the bicentenary of Hiroshige (1797-1858), Japanese master of the coloured woodcut, whose landscapes provide an atmospheric picture of 19th century

Tate Gallery Tel: 44-171-887 8000 Mondrian: Nature to Abstraction. A series of drawings and paintings of trees and the sea, executed in Paris before 1914, forms the core of this exhibition of works loaned by the Gemeentenmuseum in the Hague. The 60 works selected trace the artist's development towards the mature abstraction of his famous grid paintings; to Nov 30

THEATRE

Japan; to Sep 28

Aldwych Tel: 44-171-416 6003 Life Support: Alan Bates stars in a new comedy by Simon Gray, directed by Harold Pinter; from Aug 5

National Theatre

Ballet and the second of the comment of the second of the

Tel: 44-171-928 2252 Closer: new play written and directed by Patrick Marber, with a cast including Ciaran Hinds; Cottesloe Theatre; in repertory

 King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; Cottesioe Theatre; in repertory Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare

Theatre; in repertory The Cripple of Inishmaan: new play by Martin McDonagh directed by

directed by Richard Eyre, Lyttetton

Nicholas Hytner; Lyttelton Theatre; in repertory

Tel: 44-171-401 9919

 Henry V: by Shakespeare – Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in

 The Winter's Tale: by Shakespeare - directed by David Freeman; in repertory

The Old Vic Tel: 44-171-928 6655 The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory

The Seagull: by Anton Chekhov, in a version by Tom Stoppard directed by Peter Hall. Felicity Kendal is Madame Arkadina, Dominic West her unhappy son, Michael Pennington her lover, in repertory

 Waiting for Godot: by Samuel Beckett. Peter Hall directs Ben Kingsley and Alan Howard as Estragon and Vladimir; in repertory

II LOS ANGELES **EXHIBITIONS**

Museum of Contemporary Art Tel: 1-213-6266222

 Jeff Wall: retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting;

to Oct 5 Joseph Cornell: Connections to the Permanent Collection. Installation of a selection of works which were part of a gift received by MOCA last year; to Sep 14

My Life. Mark Morrisroe; Polaroids 1977-1989; to Sep 14

MONTREAL

EXHIBITION Museum of Fine Arts Tel: 1-514-285 1600 Exiles and Emigrés: The Flight of European Artists from Hitter. Focusing on the twelve years of Nazi rule 1933-45, this show - previously seen in California - explores the work of 23 artists during their years in exile, their continuing relationships with European societies and their impact on the United States; to Sep 7

MUNICH EXHIBITIONS

Kunsthalle der Hypo-Kulturstiftung Tel: 49-89-224412 Markus Lüpertz (b. 1941), one of Germany's leading artists, is the subject of a retrospective which includes paintings, drawings and sculptures from throughout his career; to Sep 14

■ NEW YORK **EXHIBITIONS**

Museum of Modern Art Tel: 1-212-708 9480 Objects of Desire: The Modern Still Life. Beginning with Cézanne, Including masterpieces by Matisse and Picasso. and culminating with Pop art and contemporary works, this exhibition

representations of objects: to Aug 26 This retrospective of the Stenberg brothers promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, Vladimir later became Chief of Design for Red Square, while Georgii died in 1933. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

traces the art of this century through

the various and evolving

THEATRE Belasco, 111 W. 44th St. Tel: 1-212-239 6200 A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page

Lucille Lortel, 121 Christopher St. Tel: 1-212-239 6200 As Bees in Honey Drown; by Douglas Carter Beane. Directed by Mark Brokaw. Cast includes T. Scott Cunningham and and J. Smith-Cameron

Minetta Lane Theatre Tel: 1-212-420 8000 Gross Indecency: The Three Trials of Oscar Wilde. Written and directed by Moises Kaufman, based on transcripts, letters and other writings. Michael Emerson plays Wilde

M OTTAWA

EXHIBITION National Gallery of Canada Tel: 1-613-990 1985 Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

EXHIBITIONS Jeu de Paume Tel: 33-1-4703 1250 César: major retrospective of one of the most important French sculptors of the 20th century. Tracing the the different approaches and materials with which he worked, the exhibition

includes almost 500 objects; to Oct 19

Musée National d'Art Moderne, Centre Georges Pompidou Tel: 33-1-4478 1233 Fernand Leger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

PESARO

CONCERT Rossini Opera Festival Tel: 39-721-33184 Latvian Philharmonic Chamber Orchestra: in works by Mozart. Rossini Massimo Lambertini; Aug 8

SALZBURG

OPERA

Salzburg Festival Tel: 43-662-844501 CONCERTS Ensemble Modem: conducted by Hans Zender in a programme including

works by Essl; at the Mozarteum; Aua 6 Klangforum Wien: conducted by Johannes Kalitzke in a programme including works by Essi; at the

Mozarteum; Aug 7 Philharmonia Orchestra: conducted by Bernard Haitink in works by Mahler; at the Grosses Festspielhaus; Aug 3, 4

 Boris Godunov: by Mossorgski. Conducted by Valerie Gergiev in a staging by Herbert Wernicke, Samuel Ramey sings the title role. Cast also includes Philp Langridge. With the Vienna Philharmonic, the

Konzertvereinigung Wiener Staatsopernchor and the Slowakischer Philharmonischer Chor Bratislava; at the Grosses Festspielhaus; Aug 3 Die Entführung aus dem Serail: by Mozart. New production. Conducted by Mark Minkowski and directed by François Abou Salem with designs by Francine Gaspar. With the Mozart Orchestra Salzburg and the Konzertvereinigung Wiener

Staatsopernchor, at the Residenzhof; Die Zauberflöte: by Mozart. Christoph von Dohnanyi conducts a new production by Achim Freyer, With the Vienna Philharmonic and the Konzertvereinigung Wiener Staatsopernchor, at the Felsenreitscule; Aug 2, 6, 8 Le Grand Macabre: by Ligeti. New production conducted by Esa-Pekka

Salonen and directed by Peter Sellars. Cast includes Willard White. With the Philharmonia Orchestra and the Konzertvereinigung Wiener Staatsopernchor. Co-production with the Théatre du Châtelet; at the Grosses Festspielhaus; Aug 5 Lucio Silla: by Mozart. Conducted by Sylvain Cambreling and directed by

Peter Mussbach with designs by Robert Longo. Cast includes David Kuebler and Susan Graham. With the Camerata Academica Salzburg and the Konzertvereinigung Wiener Staatsopernchor, at the Kleines Festspielhaus; Aug 7 Pelléas et Mélisande: by Debussy.

New production conducted by Sylvain Cambreling and directed by Robert Wilson, with a cast including Dawn Upshaw. With the Philharmonia Orchestra and the Konzertvereinigung Wiener Staatsopernchor; at the Grosses Festspielhaus; Aug 2

THEATRE Der Alpenkönig und der Menschenfeind: by Ferdinand Raimund. Revival of Peter Stein's production, with sets by Ferdinand Wögerbauer. With music by Wenzel Müller, at the Landestheater,

Aug 2. 3. 7 Jedermann: by Hugo von Hofmannsthal, Revival of Gernot Friedel's production, designed by Imre Vincze; at the Domplatz; Aug 4 Libussa: by Franz Grillparzer. New production directed by Peter Stein, with sets by Moidele Bickel. Libussa is played by Dörte Lyssewski; at the Perner-Insel: Aug 2, 3, 5, 6, 7

SANTA FE

OPERA

Santa Fe Opera Tel: 1-505-986 5900 Arabella: Janice Watson sings the title role of Strauss's opera, in a new production directed by John Cox. The conductor is John Crosby; Aug 6 Ashoka's Dream: world premiere of Peter Lieberson's opera, with a libretto by Douglas Penick. Conducted by Richard Bradshaw, in a production directed by Stephen Wadsworth; Aug 8 Cosi Fan Tutte: Kenneth Montgomery conducts Mozart's opera, sung in English, in a new production directed by Nicolette Molnar and designed by Bruno Schwengl; Aug 2, 5 La Traviata: Linda Brovsky directs this new production of Verdi's opera, set in the Parisian demimonde. Christopher Larkin conducts; Aug 4 · Semele: new production of Handel's opera, conducted by John Nelson and directed by John Copley. Elizabeth Futral sings the title role: Aug 7

SCHLESWIG-HOLSTEIN

CONCERTS Music Festival Tel: 49-431-567080 Philharmonie der Nationen: conducted by Justuz Frantz in works by Rossini, Mendelssohn, Respighi and Verdi; at the Rinderstall, Haseldorf on Aug 5; at the Schloss, Kiel on Aug 6; at the Musik- und Kongresshalle, Lübeck on Aug 7

 Taverner Consort & Players: conducted by Andrew Parrott in a programme including works by Bach; at St. Marien-Kirche, Lübeck on Aug 4 and at St. Michaelis Kirche, Hamburg on Aug 5

TANGLEWOOD

CONCERTS Tanglewood Festival Tel: 1-617-931 2000 Boston Symphony Orchestra: conducted by Richard Westerfield in works by Lieberson, Saint-Saëns and Rachmaninoff. With violin soloist Joshua Bell: the Shed: Aug 2 Boston Symphony Orchestra: conducted by Seiji Ozawa in works by Barber and Mahler. With soprano Barbara Bonney: the Shed: Aug 3 Boston Symphony Orchestra and

Tanglewood Music Center Orchestra conducted by Seiji Ozawa, Leon Fleisher, Keith Lockhart and John Williams in a programme which includes Tchaikovsky's 1812 overture; the Shed; Aug 5 Boston Symphony Orchestra:

conducted by Seiji Ozawa and Lukas Foss in works by Bach, Foss and Bizet, With flautist James Galway and violin soloist Tamara Smimova; the Shed: Aug 8

and pianist Lukas Foss perform works by Gershwin, Copland, Ives and Foss; Ozawa Hall; Aug 7

 Juillard String Quartet: in works by Mendelssohn, Copland and Schubert; Ozawa Hall; Aug 6

W VENICE **EXHIBITIONS**

Giardini di Castello, the Corderie della Tana and elsewhere in the city Venice Biennale: the 47th International Art Exhibition is larger than ever, with 58 participating nations and a strong showing from the underdeveloped world. The theme of the central exhibition, at the Corderie and the central Pavilion, is "Future, Present, Past"; to Nov 9

VERONA

OPERA Arena di Verona Tel: 39-45-800 5151 Carmen: by Bizet. Conducted by David Gimenez, in a staging by Franco

Zeffirelli; Aug 3, 7 Madama Butterfly: by Puccini, New production. Conducted by Angelo Campori, with designs by Beni Montresor, Aug 2 Rigoletto: by Verdi. Conducted by Nello Santi in a revival of Lotfi Mansouri's staging; Aug 8

VIENNA

EXHIBITION KunstHausWien Tel: 43-1-7120495 Schmidt-Rottluff (1884-1976): comprehensive exhibition of around 180 works by the German expressionist, including paintings, drawings, etchings, woodcuts and sculpture; to Aug 24

WASHINGTON

CONCERTS Wolf Trap Tel: 1-703-218 6500 National Symphony Orchestra: conducted by Zdenek Macal in Verdi's Requiem, with the Choral Arts Society of Washington; Aug 2

EXHIBITIONS National Gallery of Art

Tel: 1-202-737 4215 Sculpture of Angkor and Ancient Cambodia: Millennium of Glory. Around 100 works dating from 6th-16th centuries make up this exhibition of Khmer sculpture, the first of its kind in the US. Previously seen in Paris, the show will travel to Japan; to Sep 28

ZURICH

EXHIBITIONS Kunsthaus Zürich Tel: 41-1-251 6765 Birth of the Cool: wide-ranging survey of American art in the latter half of this century. Among the artists represented are Georgia O'Keeffe, Jackson Pollock and Andy Warhol; to Sep 7

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FT Arts Guide e-mail: susanna.rustin@ft.com Listings supplied by ArtBase Amsterdam. Tel: 31-20-664 6441 E-mail:artbase@pi.net

Weekend Investor

Wall Street

Banks lead the charge to the top

And investing in them no longer seems quite so silly, writes John Authers

moment in Monty Python's Flying Circus, that dearly remembered 1970s British comedy series, when a stiffupper-lipped British brigadier with a huge moustache would burst onto the screen roaring: "Now stop that! This is all getting frightfully

Wall Street is in need of his services. A market that showed a distinctly Pythonesque frenzy in the first six months excelled itself in July with the Dow Jones Industrial Average gaining 549.82 points, more than any month this year. Over the seven months of the year so far the Dow is up 28 per

It is not just the Dow, either. Basic industries are recovering, with metal and paper manufacturers returning to favour. Small companies are rallying and hightechnology businesses are

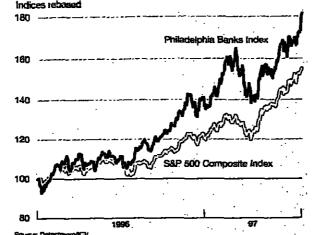
Leading the charge, most surprisingly of all, is the banking sector, the most soher redoubt of the US economy and one that is far removed from the Ministry of Funny Walks which appears to govern the rest of

Financial services stocks have clobbered the rest of the market since the beginning of last year, as the graph shows, and their success reached new peaks this week. Citicorp, once again the largest US bank by market capitalisation, managed to gain \$5% to \$130% on

At first sight, this is crazy. Banks have been around for a long time, they operate in mature markets, and it is difficult for them to continue to make demand grow with new products, an option which is open to those providing software or silicon chips. Credit cards, which many banks had made the cornerstone of their next year. operations, have been hit by

high levels of charge-offs. Moreover, hopes that improved technology could have taken a knock from a series of profits warnings from Wells Fargo, once a consumer retail brand fran-Wall Street darling, which chises, and should be valued has pioneered internet bank- accordingly - a position ing. Well-publicised service which makes some sense problems have lost it many





So why are the banks faring so well? Wall Street's valuations are not as frightfully silly as they appear. although they are highly questionable.

First, banks are notoriously sensitive to interest rates. The lower the Fed keeps base rates - all other things being equal - the more banks can lend and the higher the profit margins they can achieve.

There is the occasional signal to the contrary but, for the most part, the inflationary outlook is obdurately benign and the Fed seems unlikely to raise rates for several months.

Second, banks are historically under-valued. Even after outperforming the market for the best part of two years, their shares are now selling at 15 times their projected earnings for this year and 13 times those for next

Gerard Klauer Mattison, a Wall Street broking firm, points out that this leaves the sector much cheaper than the market as a whole. trading on only 61 per cent of the earnings multiple for the S&P Industrials index for this year and 58 per cent for

This gives ample room for share prices to appreciate

corp, are trying to persuade the market that they are given the changing face of US banking.

If they succeed in this, their share prices have a very long way to go.

Finally, and most important, the sector is historically inefficient – a legacy of 1930s reforms to prevent a banking collapse and the enduring popularity of small community banks".

tunities for the banks to improve their profitability. Their favourite method of acquisitions - cements their popularity with Wall Street. wave of mergers and acquisitions has continued to sweep through the US

banking sector this year.

with bidders prepared to pay

ever higher prices for their

This provides huge oppor-

targets. This produces a virtuous spiral for shareholders. Once two large banks in a state have been bought, the final bank left offers big national banks the last available entry to that state.

Virginia has just provided a perfect example: two banks were bought in quick succession so a third, Signet Banking, was able to command a huge price from First Union, the nation's sixth largest

Signet's shares were trading at \$3611 the day before the deal was announced. The offer valued it at \$51%. Perhaps it isn't so silly to

Dow Jones Ind Average 8,121.11 + 7.67 8,174.53 + 53.42Wednesday 8.254.89 + 80.368.222.61 - 32.28

Thursday

The peace is deceptive

But don't be fooled; the sharks are circling, warns Philip Coggan

Hollywood film opens with day, you can bet she is about to be attacked by a shark. Similarly, although the performance of the stock market appears serene, with the FTSE 100 index close to 5,000, you can hear the chords of ominous music building in the background.

It was significant that, on Wednesday, results from BAT and Guardian Royal Exchange led to a decline in the companies' share prices and that there was a similar response on Thursday to figures from British Telecommunications, Glaxo Well-

Sometimes, the market ahead of a company's results and ramps the share price immediately before the figures, only to take profits

Implied corporate earnings

Highlights of the week

FTSE Non-Financial index divided by p/e on Non-Financial index (

earnings are one of the most and corporate borrowing important fundamental fac- costs have risen since.

tors driving the market. A rash of down-grades would not be helpful for a market trading on an historic TSB. Shares in the bank price-earnings ratio of more than 19. Bulls will be hoping that the autumn results' season breaks the pattern of the financial sector.

But how representative of batch of results? One can get a rough and ready view of the trend in corporate earnings by dividing the Non-Financial index by its price/ earnings ratio. As the graph shows, after very rapid growth in 1995 and early 1996, earnings appeared to peak in the middle of last

past few days.

In part, this could be due simply gets over-exuberant to the effect of sterling's strength which, in the past year, has dealt a blow to the previously flourishing export

1937

246%

708%

450

Nevertheless, corporate stopped falling a year ago

It was not surprising that one of the exceptions to the trend this week was Lloyds rocketed on the back of its results yesterday, continuing the outperformance of the

Around hunchtime yesterday, illoyds was responsible the trend is this week's for all of Footsie's 20-point rise. The FT Banks sector has risen by more than 44 you have been underweight in the banks, you are probably wondering what all this talk of a buil market is about

Were it not for the positive international background, Footsie might be struggling 5,000 mark. On Wall Street, even after yesterday's wobble on the back of some stronger-than-expected economic data, the Dow Jones Industrial Average is above

8,000. Treasury bonds have been performing also strongly in recent months as the US economy demonstrates its continuing ability to grow without any signs of inflationary pressure.

other the UK, where some of the leading stocks are also traded in New York. To overseas investors, sterling's strength is actually positive, of course, since it adds a currency gain to any profits they make from share price

this week. The pound dropped below DM3 for a brief period as investors began to take the view that the damage caused to exporters might make the Bank of England think twice before raising interest rates again.

ers was short-lived, however. and the pound was well above DM3 yesterday. Part of the problem is that investors continue to be shy of European currencies in the build-up to economic and monetary union (Emu), figuring that the euro will be a weaker version of the D-Mark. Given that the UK looks unlikely to join Emu in the first round, the pound haven" currency.

nals, Monday marks the day on which the calculations of the market's dividend yield switch over to reflect the than elsewhere at the loss of the tax credit. At a stroke, this will reduce yield



trength on Wall Street tends to drag markets higher, particularly

Sterling had some reverses

The relief for manufactur-

by a fifth and make conven tional measures of the stock market's value - the gilt equity yield ratio - look

As this change was announced in the Budget, it will be no surprise to investors. But it might still be sobering for some to see the market's sub-3 per cent yield in cold print.

The last time the market was trading on such a low yield was back in 1987, and one needs no reminder as to what followed. But Wall an extremely low yield - by historical standards, at least over the past few years, although that has not stopped the Dow's remorse-

Nevertheless, there are signs that some investors are re-aligning their portfolios. Scottish Equitable, the life assurance group, was reported this week to have shifted £100m out of UK equities, and into bonds and cash, on the ground that rampant consumer spending will force interest rates and sterling higher. Last week, Scottish Widows announced a shift out of European equities and into cash and bonds. arguing that markets in the US, UK and Europe were now over-valued.

A global bull market is in full swing, and it is hard to inflation or recession are To add to the danger sig- unlikely short-term proscountries. But the risks of either seem higher in the UK

The sharks are circling.

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t is time to look at the *other* bull market, the one in the fixed-interest markets which has underpinned the more widely publicised upsurge in global equities.

+20

Thus, the 27 per cent leap in the Dow Jones Industrial Average since early April has coincided with a collapse in the yield on the US Treasury's 30-year long bond - from 7.2 per cent to, at one stage this week, under 6.3 per cent. Globally, bond yields are approaching their lowest levels in recent history - since, that is, bond investors' attitudes were changed radically by the inflationary disaster of the 1970s.

Back in the 1950s, US Treasuries often yielded only 2.5 or 3 per cent. Such yields remain just a distant memory; yet the 5.25 per cent yield on J.P. Morgan's Global Government Bond Index is, nevertheless, the lowest in recent experience, having broken down through the previous 5.5 per cent minimum seen at the peak of the 1993 bull

Compared with 1993, it is Japanese bond yields that have made the difference here. They have indeed returned to the 1950s'-style levels of the pre-inflation era and, in fact they have tumbled again after a brief uptick during April and May. The yield on the benchmark Japanese government bond is now down

to under 2.2 per cent. Elsewhere, yields have not yet broken long-term barriers, with German bunds, for instance, still **Barry Riley**

The search for yield

Could bonds respond to the echoes of the 1950s?

per cent. This is a measure of

start of the decade.

this aberration in a

long-run inflation expectations.

and it was over 7 per cent at the

Now, another inflationary blip

looms for the UK, with the broad

money supply growing at 12 per

cent and a familiar borrowing

market seems to be saying that

non-inflationary world will be

binge under way. But the

narrowed to a new low of just 3.3

balking at the 5.5 per cent floor touched previously in 1978, 1986 and 1993. The US long bond yield dipped to 5.85 per cent in October 1993. In the UK, the long gilt yield of 6.9 per cent remains some way above the 6.5 per cent level reached at about the same

The 1993 bull market ended in tears, however, when speculators were left holding the baby. Now, yields once again

Many investors require higher returns and have been chasing risky bonds in order to find them have reached exceptionally low

levels. Many investors require higher returns, and they have been chasing risky bonds in the corporate sector or the emerging markets in order to find them. But is it also possible that

bond yields will eventually tumble back to the levels seen in the 1950s as inflation fears are finally worked out of the

It is important to note, in this context, that while nominal yields have been falling real yields have not. The latter can be tracked through the new US Treasury inflation-protected securities and the longer-established UK index-linked gilts.

The real yield in both countries has remained just above 3.5 per cent. But the implied expectation of future inflation has been declining: in the UK, the gap between nominal and real yields has

quickly squashed, probably through the elevated exchange

We shall see; the markets are not always right. It is at least arguable that such yield relationships are now giving out the wrong signals because of the confused interaction of domestic and foreign buyers.

Japan is the key factor here. Next month will see the second anniversary of the cut in short-term yen interest rates to a rock-bottom 0.5 per cent, and there seems no early end in prospect to the desperate squeeze on Japanese savers and investment institutions.

Another promising Tokyo stock market rally bas lamely fizzled out. Japanese pension funds require minimum 5.5 per cent investment returns to remain solvent, but cannot earn even half that on domestic bonds. Hence there has been a surge of Japanese money into

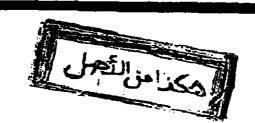
dollar bonds as a way of picking up 4 percentage points of extra yield, although with substantial foreign exchange risk Figures for May, published.

this week, showed that Japanese investors (public and private sector) then owned \$308bn of US Treasury securities. The total has been rising at about \$50bn a year but, with the US budget deficit being eliminated rapidly. net issuance of Treasury bonds is falling sharply. So, the Japanese are, in effect, in an increasingly powerful position to export their own low : government bond yields.

At any rate, those bond analysts who have been predicting higher dollar bond yields on the basis of the vigorous upturn in the US economic cycle have been left floundering, even before this . week's news of sluggish second quarter gross domestic product growth. But if, for any reason, the Japanesa buying ceases - for instance, because of an intensified financial crisis at home - US Treasury yields ... might suddenly flip back up to a more domestically appropriate level. As for British government bonds, they are adapting not just to these global forces but also to the new role of the Bank of England as the watchdog on inflation.

In the short run, this leaves money market rates rising to 7 per cent (maybe as soon as next week) while long gilt yields 🔄 descend towards 6.5 per cent. So. you should fix your mortgage rate, but there may be no need to hurry.

Offshore managed funds and UK managed funds are listed in Section



Offers for sale, placings & introductions

Energy Capital Investment Co. is to raise £21.5m via a placing and offer of loan stock and is to raise £17.3m via a placing and offer of shares at 275p.

New issues

shipbroking and consultancy £62m issue closes on Mongroup, postponed plans for a day, which could leave listing until later this year underwriter Close Brothers because of "weakness in the with Jarvis stock. stock market for smaller 🗆 Energy Capital Investcompanies"; writes Emiko ment Company is raising Terazona.

tus on July 10, was planning to raise SAm in new capital in a placing before the end of

☐ Jarvis, the railway maintenance company, has said it will press ahead on schedule with next week's rights issue despite its shares lagging in three instalments.

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 $45.077^{\prime\prime}_{\prime\prime} + 7.55^{\prime\prime}_{\prime\prime\prime}$

Seascope Shipping, a below the issue price. The

£21.5m net of expenses, by The company, which published its pathfinder prospec-offer of 18.47m units of loan stock at 120p apiece. Greig Middleton and HSBC James Capel, joint brokers, have conditionally placed 17.4m units with investors. The offer is on a basis of one stock unit for each ordinary share, with the 120p payable

■ Gilt issues - best value v tax status

Your capital gain on a git – a UK government bond – is tax free. However, you pay tax on the interest. Therefore, gitts which deliver a higher proportion of their total return as capital gain are more tax efficient, and – other things being equal – more attractive to higher rate taxpayers.

HOH-TAXPAYE	Š.	Stock .	Price	Yield %	Volatifity %
COMPETICINAL	-Syr ⋅	Treasury 10%, 2001	108 31/32	7.11	2.88
	5-10yr	Treasury 9.75%, 2002	111 5/32	7.10	3,88
	10 <u>-</u> 15yr	Treasury 8.00%, 2009	108 8/32	6.98	7.69
	>15yr	Tressury 9.00%, 2012	118 21/32	6.97	8.75
NOEX-LINKED		lodex-Lokd 2.5%, 2001	187	6.94♣ 3.96§§	3.78
•		Index-Lakd 2.5%, 2003	183 9/32	6.81 2 3.83 5 5	5.21
20% Taxpaye		Stock	Price	Yield %	Volatility %
COMPATIONAL	CHF	Treasury 6%, 1999	98 6/32	5.77	1.89
	5-10yr	Treasury 6.75%, 2004			5.90
	10-15yr	Treasury 6.25%, 2810			9.39
	>1 5 yr	Treasury 8% 2013	110 3/32		10.11
NDEX-LINED		Index-Lakd 2.5%, 2001	187	6.42 5 3.45 5 5	3.84
	٠٠.	ladex-Lskii 2.5%, 2003	183 9/32	6.28 2 3.31§§	5.39
row taxpayê	ıs.	Stock	Price	Yield %	Volatility %
COMPORTIONAL	-óγr	Treasory 6%, 1999	98 6/32	4.55	1.92
	5-10yr	Treasury 6.75%, 2064	98 18/32	4.28	6. 2 1
	10-15yr	Treasury 6.25%, 2010	93 25/32	4.37	10.19
	>15 <u>%</u>	Treasury 8%, 2013	110 3/32	3.95	11.27
NDEX-LINKED	•	ladex-Lukd 2.5%, 2001	187	5.89 \$ 2.93§§	3.89
-		lpdaz-Lnkd 2.5%, 2006	194 15/32		8.24

Yield is redemption yield and takes account of any change in the capital value over period to maturity. Volatility is a measure of the sensitivity of the stock price to changes in yield. Money yield (current

Last week's preliminary results

こうがく どうそち			Pri	B-12X	Ear	HINGS"	Divi	iends" ·
Company	Secto	ַ פֿג׳	profit	(E000)	per s	hare lo	per s	name (p)
Abber	BBC	Amt		#1.2201		מנונו		65.51
Allied Carpets	RiGe	Jan	18,700	(14,800)	127	(10.5)	7.5	Ή
Angentela Underwing	- Des	May	21,700	(3,740)	126	26		(2.8)
Bickerion	AN	ADE	232	(150)	2,437	(7.748)		Θ΄
Black Arrow	lse G	Mar	3,630	(2,470)	10.06	6.731		(3.4)
Bucknali	Prop	Apr	1,310	(913)	53	(31)	1.0	(D.5)
CHT	SpSy	Apr	12,180	(6,520)	6.86	(5.7)	43	(4.1)
Coral Products	PP&P	Apr	985	(1,600)	4.0	(7.0)	2.25	(2.25)
Ediaburgh Japan	MTr	Mayt		(181.0)	. •	H	•	(+)
Fil ·	Text	May	1,540	(12,808L)	4.5	Η	2.0	(6.0)
Foster (John)	Text	Feb		(1,250)		ŀΙ	-	H
61 Japan	teTr	Just?		(249.66)	1.07	(2.33)	0.8	(2.0)
Hepris	rs e	May .		(2,000L)	•	(-)		()
Handarson Bectric	ЮTr	Mayt		(278.6)	43	(4.63)	3.6	(3.85)
inv Trust of Inv Tata	Mir	Apri	126.8		-	(+)	-	(-)
Mejs	SpSv	May	62,500	(50,480)		(44 D)		(10-88)
Murray Income	MTr	صائ	-	Θ		(13.E)		(13.2)
KAF	AM	May		(2,570)		(223)		(8.8)
Onental Restaurant	Bres	War		(680)		調為	3.0	
Ricercan	ASM	,ten		(251L)	0.89			H
Richards	Text	Dec		(1,6801.)		(1)		Gruð
Rubicos	Eng	May		(10,900)		(13.3)		(6.0)
Savite Gorden (4)	Prop	Apr		(5,800)		ß.91		(3.0)
Sins Food	Feff	Mar		(49,300L)		H		(1.0)
Surrey Free tros	AIM	Hay		(1,190)		(11.5)		(2.25)
TA Smaller Co's	fair	Way		(264.4)		(5.02)		G.95)
Templeton Emerging	hTr	Apri		(137.96)		(1.44)		(IT)
US Smaller Cr's	Mir	Junt		(224.0)	-	H	•	(4)
Utilitisc	Eng	Apr.	1,7800			Η	.:	H
White		543	6,770	E.070)	3.02	15.49	3.5	(2.25)

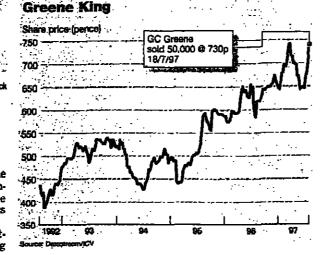
■ Results due next week

			i	Dividend (p)				
_		Annomat .	Lest yea	r:	· This ye			
Сопрапу	Sector		Interior		interim			
Barcieys	BkR	Thursday	11.5	20.0	•			
British Airways	Tros	Monday##	4.25	10,8	-			
British Petroleum	OBI	Tuesday	5.25	5.25	-			
Cantab Pharmaceutical	Phras	Tuesday	•	-	-			
Commercial Union	los.	Wednesday	11.45	18.85	-			
	Med	Thursday	0.16	0.448	-			
GKN_	.EngV	Wednesday	9.6	16.9	-			
HSBC∳	BkRt .	Monday	1.809	3.2968	-			
Hemingway Properties	Ртор	Tuesday	0.165	0.385				
Heywood Williams	Bolda	Wednesday	5.0	8.8	-			
Inspec	Charr	Tuesday	21	4.2	-			
KBC Advanced Technologie	8 ·	•	•					
• -	OFF	Thursday	-	-	-			
Lesie Wise	Text.	Wednesday	1.75	1.25	-			
Liberty Intl	OtFn	Thursday	7.25	8.75	_			
London & St Lawrence Inv.	InTr	Tuesdaye	3.12	3.12	-			
Mayflower Corp	Engy	Tuesday	0.75	1.5	-			
Mersey Docks & Harbour	Tims	Thursday	4.0	8.75				
Metal Bulletin	Med	Wednesday	5.8	14.2	-			
National Westminster Bank	BkRt	Tuesday	9.6	19.4	-			
Nokua Corp●	起色	Monday	-	3.5	_			
Oxford Molecular	Phone	Monnay		•				
Pearson	Med	Monday	6.9	11.1	-			
Prudential Corp	L#As	Wednesday	5.8	11.5	-			
Rank	1.8H	Thursday	5.0	12.0				
Reed International	Med	Thursday	8.25	18.95	-			
Robert Walters .	SpSv	Thusday		1.5	_			
Royal Dutch€	Olli	Thursday	3.44	5.0	_			
Shell Transport	ORI	Thursday	14.4	22.5	-			
Standard Chartered	BkRt		4.25	10.25	-			
TR Pacific Investment Trust		Tuesday	7-20	0.25	•			
Televest Communications	Tele	Thursday	<u>.</u>		-			
Transport Development	Time .	Warlsond	· .		-			
	ins .	Wednesday		55 .	-			
Willia Compon		Tuesday	1.65	1.85	-			
Woolwich	BkRt	Wednesday		-	-			
Zenaca	Phen	Thursday	195	22 E	_			

■ Current takeover bids and mergers

Comoane	Velue of bid	Market	Fre bld	Value of	
bid for	ner stare"	price	once .	had Const	Bidder
Arcent Group	375*	370	450	226.5	Brital Property
BB & EA	75*	72%	70%	8.4	Britannia Gro
Bridge	175°	172	137%	130.72	792
Brockbank Group	696°S	675	\$421/4	85.60	ting Design
Cent Transport And	18"	25%	7	118.0	.GE Capital
Colleagues Group	95"	9314	77%		Moore Corp
Cortworth	198*	192%	156	93.68	Bl- Group
David Glass Ass.	1351/	131%	1274	7.31	, Alexander Prop
EFT Group	175*	196%	134	89.6	Bank of Scotland
Gramotan TV	320†	314kg	310%	105.6	. Scotlant Media
GrandMet (4)	61234	595½	615	23.00tm	Cultures
KLA 1	420°S	414	330%	371.7	And Henry & Media
inspirations	75"	73%	611/2	23.85	Cargoon Pajenta
JACK CALL & GOAS	44	4214	44	51,30 ·	
			188%	289.59	Ration Energy
Midland tod News	210	201%			Micror Group
Nelson Hurst	185*	179	1291/2	24.78	Forbes Group
Nobe Group	140-	135	1361	(*)	ACCO
Nycomed	(<u>4)</u>	(4)	(+)		Amerahem lett
Policy Portland I	126"	12314	122%	10.08	. Fødaura kres
Roskel	139†	133	<u>**</u> .	24 16	SIG
Seefield Res	76	72	5714	51.63	Datta. Pot
TLS	135*	13112	130%	65.88	GE Capital
Prices in pence unless	otnervise ind	Cared.	Will Cash (mer. Sfor	capital not already held.
A 11	neal an lunch	Arms for	~~ 1/2/	ur obielu	

WEEKEND INVESTOR



Directors' dealings

A large sale this week at Greene King, the brewery and pub group, might ring a few bells among investors, especially since the seller was one of the longest standing directors, George Greene. He disposed of 50,000 shares at 730p. reducing his holding to 99,788. The shares have risen 8 per cent in the past month. Interim results in June showed that like-for-like sales are up this year and the recently acquired Magic Pub chain is performing well.

Another large sale in this sector came at Inn Business, where Alan Jackson, the chairman and chief executive of the tenanted pubs group, sold 262,500 shares at 67p, reducing

■ Directors' share dealings

Company	Sector	Shares	Value COOC	No of director
SALES		•		
Bristol Water Hidg	Wtr	7,100	82	4
Greene King	Brew	50,000	365	1
Inn Business Grp	Brew	262,500	178	1
Land Securities	Prop	2,000	19	1
Marks & Spencer	RetG	13,402	78	3
National Power	Elec	25,000	145	1
Next	RetG	10,000	77	1
Raphael Zom Hemsly	OthF	10,000	11	1
Stanley Leisure	L&HI	36,200	110	3
Marks & Spencer	RetG	162,634	971	6-
Severn Trent	₩ tr	17,608	151	1"
PURCHASES				
Britannia Grp	BCon	210,000	67	2
Business Post	SSer	50,000	218	1
City of London PR	Mdia	18,750	16	2
Coats Viyella	Text	30,000	36	1
Copyright Promotes	Mdia	40,000	26	2
Courtaulds	Chem	13,000	39	3
Eletrnic Boutiques	RetG	100,000	34	1
Fleming Inc & Cap	bnvT	27,000	25	1
Hansom	Tran	500,000	29	1
Man (ED&F)	FdPr	9,000	18	1
Mentmore Abbey	SSer	29,408	12	1
Meyer Inti	BM&M	3,000	12	1
Pace Micro Tech Pi	Elec	60,000	32	1
Ptarmigan Intl	InvT	13,000	34	1
Rights and Issues	InvT	5,000	12	7
Ruberoid	BM&M	39,000	30	4
SDX Business System	Elec	40,000	68	3
Seton Hithcare	Hith	135,000	520	5
Companies must notify the Stoci a director. This list contains all to 100% subsequently sold, with	ransactions (ligite	d and Arm), includi	ng everalse e	options (*)

Last week's interim results

	Company	Sector	year to	profit (E000)	per share (p)
	Abbey National	BicRt	Jun	620,000 (558,000)	102 (8.7)
	Adoptal	SpSr	Jun	7,200 (5,180)	0.9 (0.7)
	Alled Irish Banks	BidRt OtFn	Jun#	242,200 (201,100)	6.B (5.95)
	Amvescap Ayshire Metal	AM	Jun Jun	73,500 (32,000) 1,210 (700)	25 (20) 20 (1.5)
	BAT industries	Tob	Jun	1.240n (1.31bm)	10.0 (10.0)
	Baring Tribuna	InTr	Junt	525.0 (457.5)	22 (2.0)
	Baronamead	ta Tr	Junt	132.6 (133.5)	- (-)
	Booth Industries	Eng	Mar	243L (48L)	- (-)
	British Telecom Brixton Estate	Tele	Jun.∑	881,000 (968,000)	- (-)
	Broadcastie	Prep Odfo	Jum Jum	18,300 (17,200) 996 (824)	3.25 (3.15) 0.9 (0.75)
	Capita	SpSv	J un	7,080 (4,590)	0.7 (0.533)
	City of Codord	mïr¥	Junt	- ()	1.3 (1.3)
	CoDeagues	Med	Jun	933 (908)	5.0 (1.5)
	Cowle	Tms	Jun	47,600 (32,200)	3.6 (3.4)
	Danko Dentro Trust	EXEE InTr	Amy. Luct	20,808 (17,500) 643.0 (550.0)	- -)
	Dobbles Garden	ARE	Junt Adr	192 (44L)	23.2706 (9.0921) 1.5 (-)
	Etinburgh (K Tracker	inTr	Junt	195.31 (165.83)	22 (2.2)
	Environmed	Hith	Mar	277L (3,130L)	- (-)
	Estates & General	Prop	Jun	1,130 (260)	0.3 (-)
	F&C Enterprise	InTr	Jun	165.9 (120.3)	- 1-}
	Fairway Fidefity European	PP&P InTr	Jun Jun	210 (1,810)	14 (1.4)
	Fidelity Japanese	toTe	Just Just	296.18 (246.32) 55.14 (53.12)	- (-) - (-}
	Fleming Income Growth	tnTr	Junt	282.28 (197.51)	2.25 (2.25)
	Fleming Fledging	Mīr	Junt	479.2 (499.7)	- (1.0)
	Gartmore Fledging	JoTr_	Junt	117.3 (115.5)	0.4 (0.6)
:	Seared Income	ln Fry	Junt	44.25 (-)	0.875 (1.75)
-	Glavo Wellcome Golden Vale	Phon FdPr	Jun Junt	1,51bn (1.55bn) 6,520 (471)	15.0 (15.0) 0.72 (0.66)
r.	Green Property	Prop	Juni	5,610 (2,940)	18 (1.3)
	Guardian Royal Exch	ins	JUR	502,000 (231,000)	3.9 (3.4)
	Henderson Greenfriar	MTr	Jun†	597.29 (574.9)	2.35 (2.3)
	Hibertalan	ins.	Jum‡	18,400 (13,000)	3.5 (3.1)
	Holders Technology Huntingdon Life	Dist Paran	May Jun	405 (268) 348L (2,850)	20 (2.0)
	AS	Med	ADT	917 (446)	- (+) 1.1 (+)
	ISA international	Dist	Jun	3,980 (3,700)	1.01 (0.88)
	hvory & Sime less	MTr	Junt	193.1 (168.8)	- (-)
	Jupiler Extra	in Tr	Mart	124.79 (116.15)	1.9688 (1.9868)
	Kleinwort Overseas Læmo	laTr Offic	Jen Jen	389-7 (338-2) 87,000 (117,000)	1.9 (1.9)
	Law Debenbyre	InTr	Just 1	923.1 (-)	- (-) 11,0 (8.25)
	Lex Service	Dist	Jun	923.1 (-) 30,500 (27,700)	6.8 (6.4)
	Loades	AIM	Mar	297 (127L) 69.82 (-)	- {-}
	M&G Equity ☆	iaTr	Jen†	68.82 (-)	0.95 (-)
	Mercury World Moorapay	InTr Alle	JEN) Jeo	196,62 (116,62) 896 (851)	- (-)
	Mountgrashel	AMA	Jun	96r (800)	0.95 (0.86) - (-)
	Murray international	Mir	Junt	465.5 (408.6)	9.45 (9.0)
	Ocaen	Tras	Jun	262,800 (27,000)	5.4 (5.0)
	Osprey Comms Paribas Franch	Med InTr	Mar	22 (411)	- (4
	Pendragon	Dist	Jan Jan	185.03 (178.13) 8.660 (5.850)	1.6 (-) 3.5 (3.3)
	Pyecraft & Amold	0.00	Jun .	869 (317)	- (-)
	Resca	Dist	Jon	20L (79)	- (-)
	Rokork	Eog	Jun	10,500 (9,100)	3.45 (3.0)
	St Andrew	la Tr	Jun†	420.31 (401.3)	3.2 (3.0)
	Scottish National	pji ÷	Jun†	110.3 (80.4)	20 (20)
	Standwick Inti- Smaller Co's	Med inTr	Apr Just	3,920 (3,570)	0.43 (0.43)
	Stordate Solutions	Dist	May	155.55 (167 <u>.26)</u> 632 (730)	1.4 (1.3) 0.2 (0.2)
	71	Eng	Jun	112,100 (125,300)	α.2 μ.2) 5.1 (4.75)
	Telemetrix	EZEE	.em	2.650 (171)	- (-)
	Television Corp	Med	Jean	1,520 (1,050)	1.25 (1.0)
	. Lipticien	thity.	Jun†	910.62 (855.1)	- (/)
į	Ward Holdings	B&C	Apr	- (+)	1.0 (-)
i	Waste Recycling Witen	SpSv InTr	Jam had	2,490 (2,020)	0.6 (0.5)
_	TERM	-017	Junt -	354,0 (308.1)	3.05 (3.05)

Bids/deals

Both PacifiCorp's £3.65bn little the wiser about the bid for Energy Group and prospects for the company's Capital Radio's proposed planned \$24bn merger with £65m takeover of Virgin MCI of the US despite both Radio Group were referred announcing results this to the Monopolies and Merg- week. BT said fresh informaers Commission this week, tion probably would be availwrites Virginia Marsh.

control over the merged trailer rental company. raised competition issues,

able in the next month. On Energy Group, Mar- GE Capital, part of Gengaret Beckett, trade and eral Electric of the US, said industry secretary, said she it had made an agreed £118m was concerned over whether bid for Central Transport it would be possible to main- Rental Group of the UK to tain adequate regulatory create Europe's largest

company. On Virgin, the United News and Media government said the deal accepted Granada's £11.75m offer for its 14 per cent stake DBT shareholders were in Yorkshire-Tyne Tees TV.

In the Pink

August: nice little earner in parts of the world

The UK is particularly reliable at holiday time, says David Schwartz. And it's even better in a bull run

David Schwartz is a stock market historian

are no guarantees. But price changes are not as random as efficient market theory (EMT) fans would have us believe.

The long-term August price trend raises some troubling questions for EMT supporters. History shows that August is the year's third-best month. Prices rise in two years out of three. a rrend that has been running for much of this century. In contrast, adjacent months July and September rise about half the time.

According to EMT, prices at present are a reflection of all past knowledge and future hopes. In the absence of significant news, price changes are merely random gyrations. It is hard to reconcile this theory with August's pattern of aboveaverage profitability.

History also shows that that decade's most sub-stan- landed between Tuesday price rise is especially high in bull markets. Over the long run, shares rise an incredible 86 per cent of the time during bull markets. making August the number one ranked bull market month of the year. In contrast, the stock market rises in just one out of three

eight of the year's 12 months rise between 52 and 58 per cent of the time, August sits precisely in the middle of the pack. Japanese investors also profit 55 per cent of the time in

While UK investors do not make money every August, this sleepy summer month

spinner over the long run. one can explain why the hen it comes to The worst decade in the stock market's record is so the UK stock past half century was the poor on late-August Tuesmarket, there 1970s, when August rose by days, but the trend has been an average annual rate of running since 1935. 1.3 per cent, equal to about On the upside, there is a 60 points on today's FTSE newly emerging short-term

100 index. The last time investors lost money with an August investment was in the 1940s. But, even then, things looked pretty good. Prices

over half the time when this rose in seven of the 10 years date fell between Tuesday although a 17 per cent drop and Friday. in 1947, in response to the Since 1979, the FTSE Allsudden suspension of ster-Share index rose 10 times in ling's convertibility, caused a row when August 14 Over the long run, shares rise

an incredible 86 per cent of the time during bull markets, making August the number one-ranked bull market month of the year

the likelihood of an August dard performance. It was and Friday, Monday's profitthe worst-ever month for August investors and the fourth-worst month of all

In most months, there are wide variations in profitability at different points. September is a good example with profits typically generated in the first week and years during bear market losses in the rest. August is Augusts. But August's an exception. History shows strength is a local phenome- that investors profit ended suddenly once investhroughout it. Indeed, over On Wall Street, where the long run, shares rise more than 50 per cent of the time in each week of the month.

> The only consistently negative trend for any individual segment of August is a dismal Tuesday record during the final week. Prices rise just one out of three

Tuesdays in week four, the

ability remains unchanged two falls out of two attempts. August 14 comes

trend that will interest in-

and-out day traders. For

many decades, shares fell

consistently on Monday

August 14 - but rose just

on a Thursday this year, possibly good news for the short-term trader. If these comments have tempted you to make a short-term trade to catch a "guaranteed" profit, please

be warned that history is lit-

tered with trends which

tors became aware of them

iour. This is especially true for short-term trends. For the month as a whole. the message from the past warns of one key problem with an August investment. If things go wrong, they often go wrong in a very big

In the past 25 years, worst Tuesday record for shares have fallen in weeks.

has been a steady money- any week of the year. No August just seven times. The smallest decline was 3.5 per cent in 1973, close to 150 points on today's Footsie Many of the other declines

were much bigger. Happily, big moves are likely on the upside as well. To put things into perspective, when UK prices rise. the odds are high that the increase will be larger than Wall Street's increase. In UK down years, the odds are also high that UK inves tors will do worse than

those in the US. Investors will be intrigued by an interesting relationship between the directior of share prices in the past 12 months and August's price trend. Thanks to Michael Hughes, of BZW and Datastream, for providing the his-

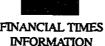
torical data. Since 1920, there were 15 different years when UK share prices rose - by six to 12 per cent - in the yearlong run-up to August. The stock market fell in August

just once. There were 22 additional years with price increases of 15 to 50 per cent in the 13 months preceding August. Shares rose in 20 of those

Combining these two indicators provides an interesting insight. Since 1920, there were 39 years when the All-Share index or its predecessor signalled favourable stock market conditions in August. Prices fell just three times, an 8 and changed their behavper cent "failure" rate. In the remaining years of this period. August rose a little less than half the time.

While no one knows which way shares will move in 1997, prices have risen by 35 per cent in the most recent 12 months suggesting above average odds of a

International financial A



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AFX NEWS 13-17 EPWORTH STREET, LONDON EC2A 4DL (44) 171 253 2532 FAX (44) 171 490 8007 EMAIL: AFX.SALES@FT.COM AND NEW YORK, USA (212) 306 6734 surprise, but it hurt,

when I spotted Tubby

God it hurt. So

FT WEEKEND

True Fiction / Michael Holman

A broken heart under African skies

the Africa trail a wide berth. It's an odd thing, but when one's heart has been broken, or one's pride and self-esteem looking as cheerful as a butumbo dented, sometimes the last person you want to meet is an old

Perhaps it is because you can't dissemble with those who are closest to you, and find it harder to put on a brave face. So I slipped out of the airport, feeling a bit of a heel, checked in at the Hotel Intercon, and made straight for the top floor bar.

Fanshawe at Nairobi's Kenyatta airport, I gave my companion of

"A stiff G and T," I told the waiter. As a modest tooter, I am certainly not in Tubby's league, but that evening I knocked back several in an attempt to kill the pain. I don't know how long I had been sitting there, but suddenly my reverie was broken by

"Hollers! I say, Hollers old

chap! Spotted you at the airport, caught by the balubas." I should have known Tubby would turn up, sooner or later, at the old

watering hole. I looked up at the familiar bulky frame, my resistance weakened by the element of surprise. "It's Carol," I blurted out.

"Yes," he said gently. "Word gets around." Ruddy-faced, a full moustache, grossly overweight, fingers nicotine-stained, and quick to perspire in a suit more polyester than cotton, Tubby was an incongruous source of comfort. But when, in his awkward but affectionate way, he put his arm round my shoulder, I knew the time had come to reveal all to my old friend, distinguished accountant, and fre-

quent flier on the world's favour-ite airline. "It hurts, Tubby, it hurts like hell." He clumsily patted my arm with his fleshy, sweaty palm.

Don't bottle it up, old son. It helps to talk." He beckoned the waiter: "Another G and T," he said, "and

don't spare the cashew nuts." "Come on Hollers, old boy, spit it out." And so, warmed by his compassion, and my normal inhibitions loosened by the G and Ts, I began.

"Looking back, Tubbs," I said. "I now realise that I had started taking Carol and her letters for granted. She wrote regularly, bright, chatty notes every few weeks. It began three, maybe four years ago, possibly longer. She really seemed to care."

Tubby nodded. "I know." Something in the tone of his voice got through to me, even in my fuddled state. Not for the first time, I wondered about Tubby's own feelings for Carol.

But now I had started I had to go on, I had to confess a dark and shameful thing. "I began showing them to friends.

"I remember," said Tubby.
"You showed them to me." That tone again, but I ploughed on. "I poked fun at Carol in the most public way possible. I wrote about her in those occasional travel pieces in the FT."

I buried my head in my hands. "Unforgivable." Tubby nodded,

"I turned her letters into grist for my sordid journalistic mill. I behaved like a cad, Tubbs."

Cad. It's an old-fashioned word, but no other will do. Tubby once again said nothing, but in his silence there was

a rebuke I found hard to bear. I stopped, and took a long draught of my G and T. The ice had melted and it tasted flat and sour, even my Davidoff No 2 had lost its oaky, mellow flavour. Tubby broke into my thoughts.

"What happened next?" "This came in the mail. a month ago," I said, and tossed Carol's latest letter on the table, creased and crumpled. Goodness knows how many times I had gone through it, line by line, trying to find some comfort. "She says it's over."

"Do you want me to read it?" Tubby asked softly.

I nodded. "What she has to say

is bad enough," I said to Tubby. But the tone, the cold tone from someone once so warm. She made me feel special, there's no other word for it." Tubby read

the letter, and winced. What hurts as much as anything is the implication that I have been unfaithful," I said. "It's not true, I swear it's not true. I have had the opportuni-

ties, and I haven't even been temoted . . . ' Tubby squeezed my arm. "Weaker men would have renewed. cheated, Hollers," he said. "If it "Yours

will do any good, I'll write to Carol." It was an offer that moved me

more than I can say. "She won't budge Tubby, she won't budge. Listen to this . .

And as the bells of Nairobi's

Anglican Cathedral began to peal, I read aloud the most painful part of Carol's letter.

Dear Mr Holman, We have noticed that last year you did not fly as frequently with British Airways as you have previously ..." I broke off, and looked

across at Tubby."I swear I've never flown another airline on any route served by BA. surely she doesn't think I've switched to SAA, or Kenya Airways?" Tubby just shook his head, and

motioned me to continue. To retain your Executive Club Gold Membership, you needed to collect 1,200 points during the year ... as you didn't reach this figure, your Gold membership has not been

"Yours sincerely, Carol Faulk ner, Manager, Executive Club." I looked up at Tubby. "Cour-

age, Hollers, courage." And as he reached out and gripped my hand, the cathedral bells were still tolling the passing of those

arlos Gardel must get through more than a pack of cigarettes a day. Which is curious, given that he has been dead for 62 years. Gardel, Argentina's most revered Tango singer, lies buried in La Chacarita, a sprawling cemetery on the wrong side of the Buenos Aires tracks. The singer's tomb has long been a place of pilgrimage for devotees, who ritually place a lighted cigarette in the right hand of his cheerful, life-size statue.

Singing like a dream and dying youngish in an air crash have turned the brilliantined matinee idol into an object of veneration, even for the unlikeliest of people. "Make three wishes," says a hip-looking boy with a goatee beard, standing vigil by the grave. "Gardel will grant them.

La Chacarita is reputedly South America's biggest grave-yard. With its grid-like layout and wild mix of architectural styles - from Greek and Gothic Revival to Baroque and Art Deco - it echoes the eclectic city that surrounds it.

But in the narrow streets of Buenos Aires, the buildings have risen ever higher over the years, turning much of the centre into gloomy canyons of offices and apartments. In La Chacarita, only the grandest of tombs has more than two storeys. Above ground, that is. A glance down through a grille reveals a dusty crypt with up to 10 layers of neatly stacked coffins.

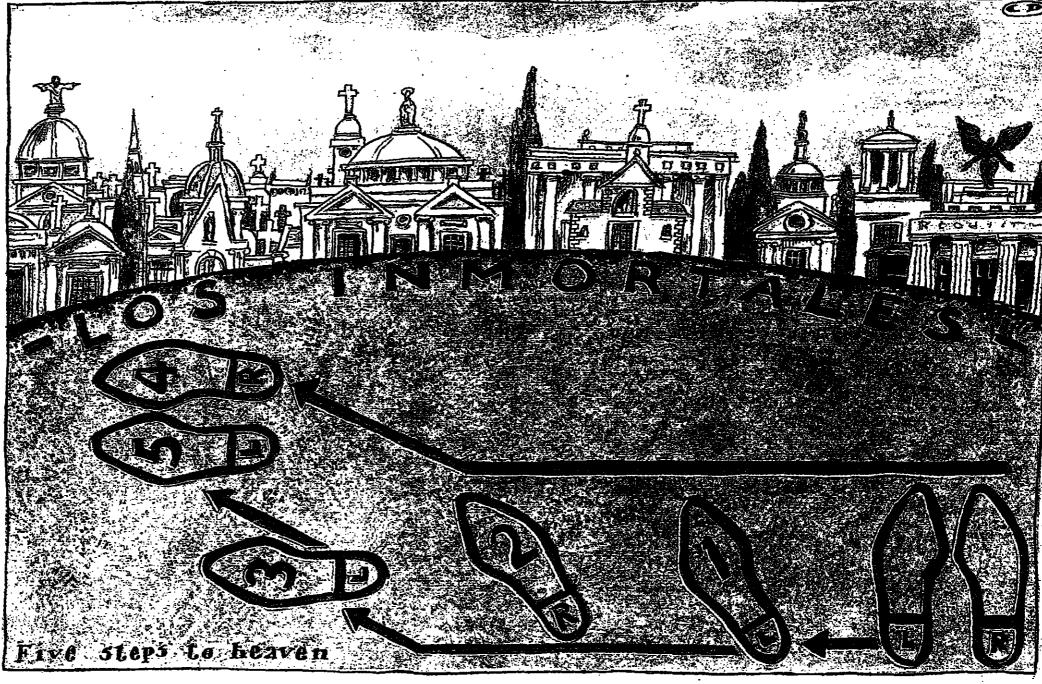
Argentina's wealthiest families have their own exclusive resting place on the other side of town, just over the road from the smart cafés and restaurants of Recoleta where they see out their last days. The only gatecrasher is the embalmed and much-travelled body of Eva Peron, the woman who did her utmost to snatch their wealth

away. But here in La Chacarita there are no social barriers to entry. "If your family can pay, then we will take you," says the watchman. "But if they stop paying, then out you go."

The management takes a firm line with backsliders. Families who fall behind on maintenance payments are told to take their loved ones' remains elsewhere. Commemorative plaques are wrested off the walls and family names chiselled off or painted over until new residents can be installed.

On one tomb the marble casing has cracked into fragments. The top coffin, and its lead lining. has split down one side. exposing the corpse to the elements. "Can't get hold of these people at all," shrugs the watchman. "It's a pity to see a grave like this."

Debtors are not the only ones who can find their last rest disturbed. Just over 10 years ago, a gang broke into the modest family vault of Evita's husband, General Juan Domingo Perón,



Metropolis

Hell of an eternity in La Chacarita

In Buenos Aires, Ken Warn finds a corollary between cigarettes and the Argentine way of life and death

Argentina's ruler and founder of the populist and infinitely pliable political creed that bears with his hands

To this day, nobody knows why. Some say it was a simple blackmail attempt. Others argue that Peron's fingerprints were required to gain access to secret Swiss bank accounts. (Imagine turning up in Geneva and trying to explain to the bank manager.) Yet others believe that the desecration was an act of posthumous revenge by Freemasons angry at the sequestration of British assets by Perón's regime.

those who are keeping up its

It helps to be a little off the

beaten track, though not so far

supply custom. And it's as well

South Brent still has its old

converging at the central square

low, mean with the windows, to

crouch under the off-season wind

Farther away from the centre, by the main road, there are

accommodate those whose jobs

Plymouth and Exeter. But these

need not offend the eye of people

are in bigger towns, such as

who want to see a comely old

and the houses near it built

to be busy enough with older

wave to make a living.

core intact – four streets

modern houses, some to

that the main road doesn't

past and rapidly enough for

those who are making its

The hands have never been seen since. The watchman ushers us away as we attempt to his name. The intruders made off take a picture of the Peron vault, perhaps fearful of further raids.

Most of the tombs in La Chacarita are tightly packed in, like little terraced houses. One or two coffins are on display at ground level, behind glass, while a narrow staircase in the corner twists down to the crypt. Some groups - musicians, the armed forces, immigrant communities have free-standing monuments. The English chose to be buried

Everything is in a bewildering

mix of off-the-peg building styles, often not appropriate for the inhabitants. Bishops and archbishops are not in some soaring sepulchral branch offices. Gothic edifice, but a modernist concrete bunker. It is, however,

set apart from the riff-raff. Carmelite nuns are in a black, marble-clad low-rise, like a swish 1950s apartment block. Style like this does not come cheap. It costs \$5,000 just to get a deceased nun through the doors of this streamlined ante-room to the afterlife. Then there's the

upkeep Long-established businesses maintain a corporate presence

Arcadia

A love-hate relationship with emmets

on the streets of the necropolis. Banco de Boston and Banco France have each installed their glorious banking dead in

If a marble tomb topped by a weeping angel is beyond your means, there is a budget burial option. A long, low building snakes around the perimeter of the graveyard, with rows of small, square compartments full of human remains, like an end-

less left-luggage department. The cemetery's older tombs feature grandiloquent statues of proud educators and nation-

ned-down trade union leader, or a little girl, the daughter of an industrialist, killed in a kidnap attempt. Faded cuddly toys flank provide. her tiny coffin. in recent years, the Argentine

way of life and death has been

changing. Middle-class city dwellers have been moving out in droves to gated private barries beyond the suburbs. They have decided to exchange the pleasures and perils of the city for a security fence and unlimited access to the golf course.

As in life, so in death. La Chacarita faces competition from builders. The 1970s brings a gun- new, US-style Gardens of Rest.

The modern Argentine corpse demands more fresh air and greenery than La Chacarita can

But Gardel shows no signs of relocating. His statue, the weeping Muse of Music at his side, is surrounded by bouquets from admirers and scribbled notes of

thanks for favours granted. Three men huddle round the tomb in the evening chill. A cheap cassette recorder plays an ancient Tango. The boy with the goatee turns up his collar against the cold. He lights another cigarette and places it gingerly in the statue's hand.

shepherding animals. -

Such countrymen remember

summer during the second world

paratroopers had landed on the

shed into many an apron as the

men of Brent set off, grim-lipped, along the lanes to defend the

realm, armed with shotguns and

The latter came in handy for

tidying up the wind-blown hay impersonating the Wehrmacht's

But the speech of the old

high moors. Many a tear was

how, one gusty day in late

war, an excited messenger

arrived in the village

reporting that German

pitchforks.

parachute silk.

igns of summer in the village are contemporary and centuries old. The changing hues on the moors, and the migrations, the early sightings of strangely marked animals, and then the berds of cars and caravans bearing number plates from

distant parts. Locals in the south-west of England, in Devon, contemplate these visitors and say to each other, in dialect, yur come they ruddy emmets again (here come those bloody ants again), with resentment and welcome for an invasion both awkward and

lucrative. Wet weather, dry weather (leading to water shortages), currency blight (a strong pound enticing the British abroad), the brevity of the season (on the roads from London, the Midlands and the North are choked with traffic) can make for long faces. come September, among those who depend on tourism in the

region. The village, my old village South Brent, has, in places, altered itself radically to profit from the outsiders, and this has been lamented as a fall into vulgarity and ugliness. It is one

The old and the new feed off each other in south Devon, finds Bob Delquiaro of those parts of the south-west village on the edge of

changing both slowly enough for Dartmoor. The place eschews the twee

stasis of some English villages and towns, where every household has sworn a conformity blood-oath and every lunin and netunia is wired to sound an alarm at any dropped toffee wrapper or incipient weed lest some Best Kept award be lost to the next dormitory up the commuting line from London, Birmingham or Manchester, or even - whisper it and tremble lest property values drop a

pound or two. The urban visitor may find the fields here pleasingly small, very different from the English prairies of East Anglia, and be glad the acidulous yellow of rapeseed fields is rare this far west. But the critical local eye sees many hedges as little better than thin, leafy fences by comparison with the tall, thick

barriers of tradition, supporting oak, beech, sycamore, whitethorn and many more

kinds of plant. In those, there was a diversity of habitats for wild creatures, close by more possibilities in the

> Locals welcome and resent an invasion both awkward and lucrative

generous aprous left untilled around fields of wheat, cabbage and kale. Such sheltering dividers demanded attention: bedging and ditching by many skilled bands in winter. Now, though, farms are run by fewer

men and more machines; the hedges accordingly tend to be simpler

I doubt anyone is making a

fortune out of retailing in the village, but shrewd investment in its shops - more now than there were in the 1950s but still only a dozen or so - has done much to brighten them and clean them up, both premises and staff. The shops given over to antiques and meals are few and so blend in well, South Brent being saved from a plague of them by its distance from the south-west's beaches and by its own lack of resemblance to the rural scene that suits the chocolate box and tea towel. But there are out-of-town supermarkets to compete with

eone standing on a corner of the square and remembering the place two generations ago, there is a sense that the main change is that the concerns of the land, although still essential to the village, are further removed than they used to be.

Photographs taken before the first world war show the main streets splattered with animal dung, and so they were within middle-aged memory, but now no one drives herds of cattle and sheep along them. Stock-raisers send their animals

farther away to market and do so by road, the village's railway station having been closed and dismantled. Of a weekday morning, one still sees a few spry old fellows,

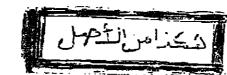
complexions courtesy of all. weathers ending in modesty's pallor at the V-neck of workaday shirts. They look at what interests them with direct stares and walk like pilgrins. with long sticks cut from the wayside. These are also good for

people, whose habits were fixed before the standardising influence of national radio and television, is dying out, and anstm (it isn't fair, my

few still protest thus at a bit of sharp practice: tion jonick, MUSnandsome). Having been taken up as a slang term for invading holiday-makers, the word enmets tright well be the last fragment of regional dialect to survive in common



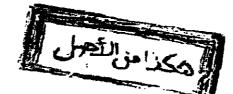
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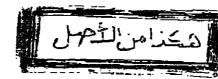


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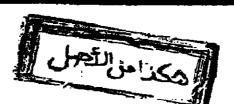
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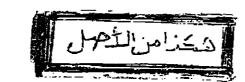
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LONDON STOCK EXCHANGE

Wall Street and sterling peg back Footsie

MARKET REPORT By Philip Coggan Markets Editor

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A sharp early fall on Wall Street, and a rebound in sterling, eventually negated the effect of a rally in one of the market's lead- no sign of inflationary pressures. indicator. ing shares, Lloyds TSB, yesterday. The FTSE 100 index ended the week in good shape. the session 8.2 points lower at

Lloyds TSB, one of the select band of banking stocks which

by a bullish statement from the There was one hopeful sign for point gain.

With Unilever results also well chasing managers' index showing stocks. That is normally a bullish the market looked like ending

Lloyds TSB shares was responsi- sector. According to Mr Bijal ble for virtually all of Footsie's 20 Shah, global strategist at Merrill Lynch, directors have been piling into the shares of the companies received and with the UK purthey own, particularly industrial

The afternoon was dominated by US economic data. Wall Street However, hopes that sterling's took a larger-than-expected period of strength might be over, increase in non-farm payrolls in Morning trading was driven by aroused earlier in the week, were its stride but a strong purchasing a powerful performance from dashed as the pound gained three managers report revived fears of pfennigs against the D-Mark, interest rate rises and sent the leaving the DM3 level well Dow Jones Industrial Average behind. Overseas earners such as down by 100 points at one stage. British Steel suffered accord- Treasury bonds were well over a point lower in early trading.

steadied, the leading index recovered most of its losses, although it failed to regain the 4,900 level.

The FTSE 250 index also fell on the day, dropping 3.6 to 4.488.4 but for once the SmallCap index outperformed, gaining 0.3 to Gilts suffered along with Trea-

sury bonds and the benchmark 10-year issue ended the day around half a point lower. "One thing we've been emphastocks.

was said to also involve the

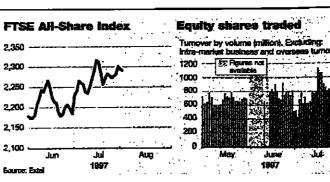
sale of the February 650p

calls for 23p.

The sudden decline on Wall sising for some time is that, at chairman. By midday, the rise in the beleaguered manufacturing Street had a dramatic effect in these levels, the market is vul-London, where Footsie, which nerable to bad news. Our traders was 28.5 points higher just after are nervous about the direction 3pm, fell 50 points in three- of the market and say that quarters of an hour to its low for spreads are widening all the the day of 4,886. As the Dow time," said Mr Corey Miller. strategist at Credit Lyonnais Laing.

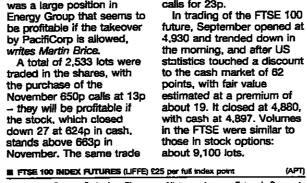
The market will face a testing time next week with a batch of corporate results, a possible interest rate rise and the official shift in the dividend yield calcu- FTSE lations to reflect the abolition of tax credits in the Budget.

Volume was 815m shares at the 6pm count vesterday, of which 52 per cent was in non-Footsie

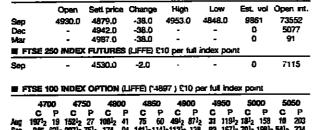


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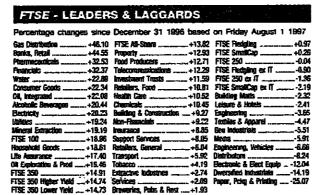


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Ōdi	296 77	1. 281	9115	226 1	108	196	1251	167	14515	142	16917	118 ¹ 2	1951	98	224
Dec			125				15912				19912		_		2481
Mast		411	16112			349	19412			292	23212		;	2391	274
Calls	2,332 Pu ng dated (rtyling i	nde	wall	e. Pre	niems	show	o are	besed	gn s	ettlem	end p	TEES.



Lioyds surges to new peak

By Peter John

The latest results in the banking sector sent Lloyds TSB to a new intra-day peak with a near 10 per cent leap in the share price at one

The shares jumped 65 at best before retreating on the faller in the Footsie and back of strong US economic data to close 60 better at 736p - a new peak - on turnthe day's best performances, traded options market. not just in the FTSE 100 but in the market as a whole. and accounted at the close for more than 18 points on the Footsie.

Figures from the bank were in line with the range of analysts' forecasts but margins were strong. And Sir Brian Pitman, the chair- no real reason why it should man, gave a messianic state-

Sir Brian, who has enthuthat banks deserve a similar retailers, was making analogies with Coca-Cola and arguing that while not yet 'The Real Thing", Lloyds had the potential.

He was comparing a company with a prospective price-earnings ratio of 38 times with Lloyds' apparently niggardly 15 times. He admitted that Coca-Cola produced a 60 per cent return on equity, but said Lloyds was still producing a punchy 40 per cent

Analysts were impressed.

Even the more cautious from the announcement of a said stocks exposed to the son & Johnson of the US on global banks were raising four-for-one share split. US dollar were its preferred licensing its stents - valves their sights. Merrill Lynch Share splits make no differ- investment.

now has an 850p share price target, which is at the bottom of a growing range of forecasts that go through Dresdner Kleinwort Benson's 930p to around 950p. Kleinwort has also raised its 1998 earnings target by 10

Energy drained

Referral to the Monopolies and Mergers Commission of PacifiCorp's agreed bid for Energy Group sent the latter

down 2414 to 62614p. Energy was the biggest heavy volume of 14m made it the third most heavily traded. There was also a over of 21m. It was one of large position taken in the

The US offer now lapses. But there was arbitrage buying at the lower levels as traders decided some form of bid would eventually go through despite increased regulatory muscle from the

Labour government. One analyst said: "We see have been referred. Recs fregional electricity companies] have been taken over siastically pushed the line by US companies before and this is in the same vein." He rating to some of the big added that the stock offered reasonable fundamental value at the closing price.

Other electricity stocks were also off, although they have suffered recently because of their dispute with Professor Stephen Littlechild, the regulator, over dismissed chat of a bid for Wessex Water, which was off 81/2 to 483p.

Unilever boost

Unilever, the Anglo-Dutch

NEW 52 WEEK HIGHS AND LOWS

NEW HIGHS (113).

BANKS, RETAIL (6) CHEMICALS (5) Alco. ICI, Icalo., DISTRUSITIONS (1) Invit-Fil, DIVERSHED INDUS (1) Invit-Fil, DIVERSHED INDUS (1) Handwaren Witampos, ELECTRING & ELECT EQUP (6) Danks Rus

ELECTRING & ELECT EQUP (6) Danks Rus

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ELECTRING & ELECTRING Danks Rus

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ELECTRING BO Caverdale Colt Telecom Dicom Systems, Fultsu, Hewlett-Packard, Sony. ENGINEERING (1) Alumbu, FOOD PRODU Greggs CS Geest, Uniterer, Do NV, HEALTH CARE (1) Int Greetings Amersham Ind, DISURANCE (S) SINVESTMENT TRUSTS (31) INVESTMENT COMPANIES (4) LIFE ASSURANCE (1) Lincoln Nat, MEDIA (1) Euromoney, OR, EXPLORATION & PROD (1) Lloyds TSB Logica Schumberger, Oil, INTEGRATED (2) Box Mirror Group Sertos, OTHER FINANCIAL [2] PAPER , PACKO Sartos, OTHER PRANCIAL (2) PAPER, PACKI
& PRINTE (1) Photobiton, PROPERTY (1)
Grescos, RETALLERS, FOOD (1) Grego.
RETALERS, GENERAL (1) Topps Ties,
SUPPORT SERVS (2) Mays, Serco.
TELECOMMUNICATIONS (2) COLT, NT&T,
TEXTILES & APPAREL (1) Lembert Howerth.
TRANSPORT (1) Upland Ind, AMB (3) Delyn, Ind
FRONT, INT. Grescos & AMERICALIS. (3) Pacer Infoted Rexam Rotork **UDO Hidgs**

Energy, Intl Greatings, AMERICANS (7) NEW LOWS (89).
GILTS (6) ALCOHOLIC BEVERAGES (1) Burn
Slowart, BUILDING & CHSTRIN (1) Bal (AH).
BLDG, MATLS & NICHTS (5) Hepworth, Heywoo
Williams, Johnston, CHEMECALS (1) Succhis
Spealeman, DISTRIBUTORS (6) Destrottech,
Faber Prest, Gardiner, Pendragon, Speales,
EBCTRICTY (1) Heiskand B, ELECTRING &
ELECTRICTY (1) Heiskand B, ELECTRING B,
ELECTRICTY (1) Heiskand
DOLEUR, INSURANCE (3) INVESTMENT TRUS (14) LEISURE & HOTELS (3) Haven, VCI, iev. MEDIA 65 Bartour Index. Os Comms, Querto B'No PI, Scomsh Radio, Siespy Nide, OTHER FINANCIAL (2) Caledonia Inv. IAF, PAPER, PACKG & PRINTG (3) Br Polythene, MY, Mactariane (C), PHARM Bitlech, Core, PROPERTY (1) B: Land 61spc Cv Bd 'Cr. SUPPORT SERVS (4) Albra Al-porta, Sanderson Bitc, Sketchley, Superscape VR, TELECOMMUNICATIONS (1) Gen Cable, TEXTILES & APPAREL (4) Clar

ence to the underlying value of a company but tend to increase liquidity.

ABN Amro Hoare Govett, Airbus consortium, of which said: "Unilever seems to BAe is a partner. have very solid trading electricity prices. Traders momentum and we would The telecoms group has expect this rate of progress to be sustained through 1997." However, many ana-Telecom and Morgan Stanley lysts were leaving forecasts from 370p to 420p. intact in order to factor in the strength of sterling.

Currency fears were again They pointed out that, with household products group, stalking the overseas earn- announcing widening fullexcess capital, Lloyds maintained the feelgood fac- ers, with British Steel off 3% year losses. would boost earnings tor in the UK with some top at 162p in volume of 8.2m. through acquisitions while of the range second-quarter. Sentiment was not helped by healthcare company, was shareholders could gain figures that sent the shares a "sell" note from Panmure ahead 67% at £11.60, albeit in directly from special dividends or share buy-backs.

The stock also benefited Gordon, which highlighted thin volume, on increased the issue of currency and hopes for a deal with John-Gordon, which highlighted thin volume, on increased

YESTERDAY London (Pence) 1261/2 + 61/2 3571/2 + 13 471/2+ 10 18621/2 + 871/2 2351/2+ 11 736 + 601/2

A CHIEF PRICE CHANGES

760xr + 28%2051/2+ 101/2 1141/2+ 13 2581/2+ 111/2 2611/2+ 16 145 + 171/2 VideoLogic 551/2+ 4 136 + Wyko Group

British Akways 640 - 24 274 - 91/2 Christies Int Datrontech 624 - 27 Energy Group Gremfin Group 12112 - 9 Tradepoint

mure "sell" recommendation, was down 4 at 188p in brisk trade of 12m. However FKI, said by Mr Harry Philips at the broker

Vickers, also in the Pan-

to offer "considerable value", was up 31/4 at 1811/4p. He recommended McKechnie. which advanced 41/2 to 406p. British Aerospace jumped 26 to £13.591/2 after its Royal Ordnance unit won a £50m order and the government

signalled it could buy 40 to 50 heavy military transport Mr Julian Hardwick, of aircraft from the European Colt gained 13 to 367%p. signed a deal with France

> raised its share price target Tradepoint, the AIMquoted electronic stock exchange, fell 5 to 80p after

Biocompatibles. the

that free up blocked arteries.

FTSE Actuaries Share Indices The UK Series Day's Year Div. Net P/E Xs adj. Total Aug 1 chge% Jul 31 Jul 30 Jul 29 ago ykt% cover natio ytd Return LO_F 4893 - 0.2 4907.5 4927.3 4876.6 3770.6 3.34 2.06 18.17 90.85 2092.12 4984.2 187.7 4058.6 10/1 4884.2 167/97 885.9 227/84 4888.4 -0.1 4492.0 4482.0 4480.7 4255.7 3.69 1.52 20.84 96.07 1879.08 4728.4 11/3 4386.2 10/7 4728.4 11/3/97 1378.4 21/1/86 4478.7 ___ 4480.5 4470.1 4449.6 4298.2 3.85 1.65 19.62 99.14 1880.59 4773.8 10/3 4380.7 10/7 4773.8 10/3/97 1378.3 21/1/86 1348.5 -0.2 2352.6 2358.8 2337.0 1886.0 3.40 1.97 18.51 44.79 2049.10 2373.7 16/7 2077.9 2/1 2373.7 18/7/97 684.5 14/1/86 2349.1 -0.1 2362.4 2359.4 2337.3 __ 3.43 1.98 18.38 12.84 1051.21 2374.8 16/7 1111.3 95 2374.8 18/7/97 684.5 14/1/86 2349.1 -0.1 2362.4 2359.4 2337.3 __ 3.43 1.98 18.38 12.84 1051.21 2374.8 16/7 1111.3 95 2374.8 18/7/97 100.0 14/1/294 2348.5 -0.1 2362.8 2478.2 4411.1 1955.5 2.40 227 22.01 35.25 1747.16 2462.7 16/7 2106.2 10/1 2452.7 16/7/97 100.0 14/1/294 248.5 -0.1 2445.6 2447.8 2411.1 1955.5 2.40 227 22.01 35.25 1747.16 2462.7 16/7 2106.2 10/1 2452.7 16/7/97 100.0 14/1/294 248.5 -0.1 2453.6 2447.8 2411.1 1955.5 2.40 227 22.01 35.25 1747.16 2462.7 16/7 2106.2 10/1 2452.7 16/7/97 100.0 14/1/294 2188.73 ___ 2188.44 2185.95 2183.83 2094.10 3.25 1.73 22.27 41.73 1862.3 2374.20 12/3 2178.29 2/1 2374.20 12/3/97 1363.79 31/1/292 2144.12 -0.1 2294.88 2301.29 2280.98 __ 3.43 1.98 18.84 41.281 1044.14 2317.02 16/7 1006.67 95 2317.02 16/7/97 81.92 13/1/2/94 2292.97 -0.1 2294.88 2301.29 2280.98 __ 3.43 1.98 18.84 41.281 1044.14 2317.02 16/7 1006.67 95 2317.02 16/7/97 1085.67 95/97 FISE 190 FISE 250 FISE 250 ex IT 107 4773.8 10/397 1378.3 21/186 2/1 2373.7 18/197 684.5 14/186 9/5 2374.8 18/7/37 1111.3 9/5/97 2/1 2299.1 16/7/97 100.0 14/12/94 10/1 2374.20 12/3/97 1363.79 31/12/92 2/1 2374.20 12/3/97 1363.79 31/12/92 2/1 2316.03 18/7/97 61.92 13/12/74 9/5 2317.02 16/7/97 61.92 13/12/74 FTSE 350 FTSE 350 ex IT FTSE 350 Higher Yield FTSE 350 Lower Yield FTSE SmallCap ex IT FTSE SmallCap ex IT FTSE All-Share FTSE All-Share ex IT ## FTSE Actuaries Industry Sectors Days Year Div. Het P/E Xi atj. Total Jan 1 Jan 20 Jul 70
+71: -12%

	Aug 1	chge%	Japl 31	Jul 30	Jul 29	990	141% co	ver ne£o	710	Retem	High	-	i.ow		Hig)h	ما	w
10 MINERAL EXTRACTION(29)	4730.85	-1.9	4820.50	4812.30	4748.35	3505.9	4 3222	D1 19.27	85.78	2117.83	4820.50	31/7	3891.26	3/1	4820.50	31/7/97	980.20	19/2/86
12 Edractive industries(5)	4114.52										4609.25	16/6		5/2		7/5/96		31/12/85
15 Oil, integrated;3}										2302.02		31/7	4005.84	3/1	5114.57	31/7/97	982.30	20/2/86
16 Oil Exploration & Prod(12)	3798.02	-0,1	3800.14	3758,76	3717.G	2505.4	3 1.51 2	23 37. 13	38.65	2327.34	3855.46	3/7	3233.63	6/1	3944,10	8/8/90	650.30	29/7/86
20 GEN HIDUSTRIALS(260)	· 1911.49	-0.7	1912.48	1913.46	1890.40	1977.0	4.181	.90 15.70	44.74	1094.07	2071.14	11/3	1834.58	10/7	2232.68	2/2/94	986.10	14/1/86
21 Building & Construction(35)	1306.01										1417.83	13/6	1194.01	2/1	2125.60	16/7/87	538.30	9/9/92
22 Buikting Matts & Marche(30											1950.15		1743.12	10/7	2333.22		954.80	9/9/92
23 Chemicals(26)	2579.71									1284.65		31/7	2223.68	28/4			979.50	
24 Oversified Industries(15) 25 Electronic & Bect Equip(37)	1303.59 2002.72									774.17			1274.19	10/6		2/2/94	964.80	
26 Enginecting(67)	2562.31		2000.02	2670 5	2001.94	25245	1 4 UG I.	35 20.13	48.10	1088.60	23706.20	14/1 6/1	1962.80 2389.98	9/7		3/5/96		29/9/98 10/11/87
27 Engineering, Vehicles(13)	2820.40		2822 27	2821.40	2791.95	3005 5	1 284	+ 4		1516.96		9/1	2674.78	97 47	2578,41	29/11/98		14/1/86
28 Paper, Policy & Printing(27)								80 1271			2597.20	12/3	1874.23	10/7	3142.02		973.39	14/1/86
29 Textiles & Apparel(14)	1011.15	-0.6	1017.62	1023.58	1019.56	1278.10	6.920	99 18.28	41.67	585.41	1106.16	17/1	988.08	7/7	2325.00		960.60	24/9/90
30 CONSUMER GOODS#53	4531,44									1790.65	4887.29	16/7	3850.34	10/1	4887.29		967.58	14/1/86
32 Alcoholic Beverages(7)			3312.11	2340.00	3374.75	2784.84	1 3.82 1	98 1651	93.30 93.93			17/7	2576.22		3475.68		967.50	
33 Food Producere(25)	3048.71	- +0.6	3031.66	3021.26	3018.96	2525.2	3.64 1.	84 18.60	66.76	1444.00	3050.87	15/7	2837.24		3058.87	16/7/97	945.10	14/1/86
34 Household Goods(17)	3117.54	+1.2	3079.90	3067.35	3034.71	2525.5	3262	32 16.52	54.26	1281.88	3148.77		2505.42		3148,77	3/7/97	927.10	21/1/88
36 Health Care(15)	2255.97	+0.6	2242.71	2228.71	2199.90	2016.18	271 1.	56 27.67	36.49	1417.01	2299.42	477	2019.82	1071	2299.42	4/7/97	972.60	21/1/88
37 Programaceuticals(18)		:	.7617.99	7781,72	7790.11	5298.10	2441.	72 29.86	113.38	2676.85		16/7	3513.59	10/1	8224.39		953.76	13/1/85
38 Tobacco(3)	421 L48	_				_		61 10.34			4907.64	12/6	3896,A5	10/1	4955.A7	2/2/96	992.00	9/1/86
40 SERVICES(272)	2694.38	-0.3	2701.22	2700.36	2676.26	2480.5	2981	99 21.14	47.33	1454.56	2722.16	13/6	2558.24	30/6	2722.16	13/6/97	944.98	23/1/86
41 Distributors(30)	2734.06		2736.38	2738.65	2729.80	2715.54	3.43 1.	95 18 <u>.</u> 67	51.87	1047,80	2992.91	23/1	2819,79	8/7	3319.33	2/2/94	988.50	21/1/86
42 (elegre & Hotels(31)	3223.06		3209.73	3204,46	3175.47	3123.31	2.89 1.	84 23.48	68.47	1788.89	3636.30		3114.66	10/7	3536.38		975.40	21/1/86
43 Media;43) 44 Retailers, Food(15)	4073.36 2387.99		4033.49 2770.40	4144,38	4082.54	4078.50	2451.	92 28.63	67.72	1516.07	4420.50	14/3	3907.87	9/7	4624.35		978.20	9/1/86
45 Retailers, General(53)	2189.52		7107.40	23/8.32	2100124	1995.42	2 3.48 2	25 15.92 64 10 00	45.93	1589.88 1304.11	2450.34		1911.95	11/2	2450.34		917.40	21/1/86
47 Breweries, Pubs & ResLCZ			3349.55	3386 92	2150-50	2000.21	1222	94 18.UL 24 18.18	40.00		2200.30 3447.37	17/7 14/3		30/6 24/5	2209.55 3447.37	17 <i>/7/97</i> 14/3/97	870.10 982.00	9/12/88
48 Support Services(55)	2996.85		2996.54	2987.43	2968.81	2404.80	1 1 77 2	47 29 36	27 RA	1953.09	3997.37 3107.38	12/6	2757.13	240	3107.38	12/6/97	952.00	14/1/88 1/2/91
49 Transport(23)	2832.37	-1.5	2874.99	2856.19	2863.43	2377.00	3.54 1.	41 25.12	59.78	1236.65	2935.58	17/7	2648.85	2/1	2935.58		980.00	14/1/86
60 UTBLITIES(31)	3033.32									1401.11		_		_			-	
62 Electricity(9)	3349.29	-1.1	3395.46	2441 15	3012 61	2200.10	1 5 20 2	au 17.31 84 11.72	01.00 77.00	1892.39	3110.91	4/7 28/7	2515.43 2755.89		3118.41	47/97	802.50	3/10/85
64 Gas Distribution(2)	2205.41	-3.2	2279.43	2286.16	2316.44	1313.27	7 5 53			1248.71		29/7	1456.86	9/1 30/1	3524.00 2379.30		995.30 994.90	7/1/91 9/12/85
66 Telecommunications(8)	2385.44	-0.6	2379.50	2790.04	2354.71	1939 44	3751	RA 1975	1/1.00	1121.98	2551 11	47	2075.75	2/1	2551.11	47/97	802.50	3/10/86
68 Water(12)	2886.19	-1,3	2923.75	2918,16	2949.51	2162.21	5.712	27 9.65	91.57	1728.71	3000.32	17/7	2929.87	2/1			924.70	1/5/90
69 NON-FRANCIALS(572)	2289.52									1820.92								
												16/7		10/1	2323.05	16/7/97	PT4N	13/12/74
70 FINANCIALS(198)	4514.49	+1.1	4562.99	4565.37	4477.70	3001.90	3.082	44 16.66	9 1.19	2084.29	4637.30	17/7	3438.42	2/1	4637.30	17 <i>771</i> 97	972.20	23/1/86
71 Banks, Retail(10)	1270.14	+1.7	7120.30	725.57	BB33.62	4268.01	2.782	63 17.23	128.43	2478.31	72 5 2.42	17/7	4923.20		7252 <i>1</i> 0	1 <i>7/7/9</i> 7	950.60	23/1/86
73 Insurance(17)	4700 04	-0.3	1784.33	17/6.90	1771.58	1442.63	4.862	82 9.13	55.61	1422.84	1876.14	9/5	1601.73	24/3	1876.14	9/5/97	870.90	25/8/92
74 Life Assurance(7) 77 Other Financial(28)	9770 50	-08	200E 01	4701,85	4694.18	3487.90	3.671.	95 17.41	121.00	2002.21	5220.22	9/5	4038.08	2/1	5220.22	9/5/97	967.70	23/1/86
79 Property(44)	1991.90	-0.7	200E 22	2010.10	1 3203.00 1 3046 47	2468.6	3201.	99 19.6	63.39	1954.92	3359.78	10/3	2842,48	2/1	3350.78	10/3/97	856.30	1/10/90
										1281.58		16/7	1754.61	<u>271</u>	2132.40	5/9/89	718,40	18/9/92
80 MIVESTIMENT TRUSTS(127)	3491.65	-0.5	3509.98	3504.41	3485.34	3083.59	2171.	17 49-16	44.27	1253.26	3508.96	31/7	3095.53	2/1	3509.96	31/7/97	977,20	14/1/88
89 FTSE All-Share(905)	2291.97	-0.1	2285.18	2301.17	2281.11	1863.58	3.391	98 1A.RT	43.73	2029.77	2318.03	18/7	1989,78	9.11	2316.03	16/7/97	81.09	13/12/74
HIS FISE All-Share ex IT(778)	2292.07	-0.1	2294.98	2301.29	2280.96					1044.14		16/7	1085,67		2317.02		1005.67	95/97
Pres Ondries	1237 72		•														1003-01	3331
FTSE Reciping	1234.50	401	1231.70	1000 0	1236.53	12128	3.27 ().	92 41.51	24.07	1341.50	1346.52	13/3	1223.48		1778.30	2/2/94	31.14	12/12/94
FTSE Fledging ex IT							3.650.	91 37.44	24.32	1340.19	1368.01	13/3	1233.22	31/7	1778.30	2/2/94	26.13	12/12/94
FTSE AIM	1016.8	+0.2	1014.9	1016.2	1023.8	: -	1.05 0.	8580.00 1	4,44	932.62	1212.2	9/5	1014.9	31/7	1212.2	9/5/97	1014.9	31/7/97
■ Hourty movem	ents							•:										
	Ореп		9.00	1	10,00	11,	00	12.00		13,00	14.00	3	15.00	46	L10			of day.
			4004												F10	High/da	у го	w/day
FTSE 100	4914.6		4931.3		921.8	491		4927.	-	4928.8	4918		4834.2	48	97.5	4936.0) 41	386.0
FYSE 250	4490.7		4493.5	-	496.2	449		4484.		4495.0	4492		4494,0		88.8	4498.1		488.1
FTSE 350	2354.7		2361.5		358.0	235	14. 0	2360.	9	2360.7	2356	.5	2362,6	23	47.8	2363.4	. 2	343.4

Time of FTSE 100 High: 3:03 PM Low: 3:47 PM Time of FTSE Ali-Share High: 3:03 PM Low: 3:47 PM												
Equity section or group	Base Base date value	Equity section or group	Base	Gase value	Equity section or group		Base value	Equity section or group		Boes Válus		
FTSE 250 & eo. IT FTSE 350 FTSE 350 ex IT FTSE 350 Higher Yield	31/12/83 1000.00 31/12/85 1412.60 31/12/85 682.94 12/5/87 2247.50	Electricity Water Non-Financials FTSE All-Share FTSE All-Share ex IT	31/12/90 29/12/89 10/4/62 10/4/62 12/5/97	1000.00 1000.00 100.00 100.00 2208.01	FTSE SmallCap & ex fi FTSE Fledgling FTSE Fledgling ex fi FTSE AIM FTSE Total Return Indices	31/12/92 30/12/94 30/12/94 30/12/94 31/12/92	1363,79 1000,00 1000,00 2000,00 1000,00	Oil Exp & Prod Total Retn FTSE Resigling Total Ret FTSE Resig ex IT Total Ret FTSE AM Total Return FTSE 350 ex IT Total Return FTSE AM-Stoore ex IT Tol Retn	31/12/93 30/12/94 30/12/94 12/5/97 12/5/97	1047.89 1000.00 1000.00 1000.00		

2380.0 2189.84

2360.7 2189.82

2189.21

2189.60

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Exchange and The Financial Times and are used by FTSE international under licence. † Sector P/E ratios greater than 80
and not covers greater than 30 are not shown. ‡ Values are negative. The calculation basis for the total return series was
changed from gross to not on 7 July 1997. Amendment: After to remain in (FTSE SmallCap), Deletion: Cater Allen (77) &
(FTSE SmallCap), Unicom Intl (FTSE Fledging), HTV Grp (FTSE SmallCap), Policy Porticle, Notic Grp (FTSE Fledging),
Share Weighting Change: ENI (Eurotop 300, Italy) 46.63% to 48.42% on A/8/87.



1 =	83	• : •) B B			3 E 1	ONS											
_		Calls					0.10			Calls			Derite .			Or Rises	n Friday Falls	Sam
							Option							Feb	British Funds	3	78	
140 160	7h	11½ 4½	14 84	64 30%	84 215	94 22h	Grand Met (*591%)	550 600		12 32%		_	11 30%	_	Other Fixed Interest Mineral Extraction	0 61	0 84	4
101 220	A	184 76%	1877	37%	- 42	53% 78%	Guinness	550	347	494	60	4	17	18%	General Manufacturers Consumer Goods	109 44	144 64	38 13
80) 83)		66 17%	71 484	74 53	66	72%	Hanson	300	13	22% 22%	31%	34		16%	Services Utilities	105 5	139 27	33
420 480	38½ 16		52 31%	6 21			(*308%) Impl Tobacco	330		9½ 35	17:: 42::				Financiels Investment Trusts	82 90	119 244	20 26
		47 23%					(*380) Kingfisher		54 224	19 47'7		12% 13	20 32%		Others Totals	47 546	973	1,65
500	30%	48%	54½	2914	38	45%	(*7091/s) Lasmo	750	51/2		474	441/2	58%	62 10	Data based on those compar			
125	IJ,	147%	2617	45	75	8	(*276)	280		17%				187:				

rábbon		UR	,	ЧT	œ	Jan	Apr	Upate		- Mail	Rev	160	AUG	MON	190	Other Fixed
ASDA	140	710	11%	14	64	84	914	Grand Met	550	5	62	75%	2	11	22	Mineral Extra
(*141h)	160	15	41/2	84	30%	215	2271	(°591½)	600	12	32V2	楯	18	30%	43	General Man
Abbey Nati	100 250	75	194 783:	18%	34	42	53%	Guinness	550	34'n	49%	60	4	17	18%	Consumer G
(*8481%) Alice & Leics	200	37%	/e/z	71	894 24	95 37%	78% 45	(~580)	600	6	22%	3317	25	384	45	Services
LEJO)	65	174	37%	486	53	66	72%	Harrison	300	13	2277	31%	34	12%	16%	Utilities
Alleri Domeco			-	52	- 6	16	199	(~308°c)	330	15	9%	17:	22	291:	33	Financials
(*447)	460	16	25	31%	21	36	39%	Ingil Tobacco	360	24	35	42%	1	7h	14	Investment T
BAA	550		47	55	13%	21	34%	(*380)	390	64	19	25%	12%	20	29	Others
*56214)	600	11	231/2	31	43	47%	51	Kingfisher	700	2211	47%	814	13	32%	37	Totals
BAT Inda	500	30%	48%	54%	294	38	45%	(*709%)	750	51/2	28	404	44%	58%	62	
r504)	550	14	28 %	3472	62%	68):	77	Lasmo	260	184	29	344	2%	7	10	Data based on
Barciays	130		147%	2617	45	75	86	(*276)	280	6	17%	22	10	14	187:	
°1297)	1308	72%	122	135	89	100		Ladbroke	240	7	16	224	514	12b	14	
Bass		6372	79	89	17	30	37	(*24155)	260	1	8	14%	19	24%	35	LONDO
17836) Boets	756	34% 90	51	82	39 21	53 35	60	LucasVtv	180	14%	215	25%	1	- 6	7	Issue Amt
7776)		28%	71% 49%	61%	43	.so 55%	59	(*192)	200		11%	15%	gn.	15	16%	price paid
Boot Autoways			75	85%	14	21		P&O	600	26%	40	53%	-6	224	28	р ир
7639)		31%	47	57%	33	42	47		650	44	17	30%	35	52	56	§ F.P.
3P	800		58%	75	21	32%	39	Prudential	550		70%	90	~	17	25%	§ F.P. - F.P.
7819)	850	20%	39	56	4635	58	64	(*597)	600	19%	10m	33 R3	17%	38	-37 47	§100 F.P.
intish Steel		10%	14	17	614	119	12	RTZ	950	40%	_	90%	694	30 27‰	367	6260 F.P.
*161%)	180	34	6%	84	1914	300	23		230 1 00 0		39	83	274 274	<i>un</i> 52	3077 591:	F.P.
able & Wire		37	55	BB**	26%	36	416	Rectand	380		23%	31	3	11%	14%	_ §3 F.P.
602%)	650	16	33	46	564	6412	69%	(*287%)	300	137	27 14	21 %	14	22	24%	§150 F.P.
Xonso Union			78	2674	30	43	54	Rolla-Royce	220	18	26	2177	19	83 ₂	10%	§ F.P.
677%)	700		53%	63	57	69	80	-	240	5	15	21	816			§125 F.P. §135 F.P.
	1300	24	180%		55	70.		(°236)	420	_	24%	21	9	16%	1915	§135 F.P. § F.P.
1305%)	136	42%		1832	B4	1034	116	Tesco	460	11%	9%	23%	_	19%	2414	§160 F.P.
58C 75p	2100 2200	164 1867a	234 182	Z75% 223	58% 1831:	97 144	127 1689:	(*422) Utd Biscuits		•		2577	38	44	48	§173 F.P.
2194) Infilms	700	H807	_	101%	15%	24	35	("205%)	200 220	8% 1	1512		2,	8%	10%	100 F.P.
743%)	750	W W	82	74	35%	45	57%		220	_	64	12	15	20	x	§100 F.P.
1	958	-	1134	125	195	314	- 44	Option .		Aog	_	<u> </u>	Aug			§ F.P.
1017)	1008	54	13	97	39	Ξ	65%	Pilitington	130	7	-	-	24	-	-	F.P.
and Secur	900	51	70	85%	17	27	31	(~134)	140	3	-	-	8	-	-	† Alternative in other symbols
923)	950	247/2	43%	58	40½	51	54	Option		Sap	-	-	Sep	-	-	0210- 37-1-003
tarks & Ş	550	58h	8 8%	81	8	147	17%	Hilledown	140	21%	_	_	_	_	_	
394)	600	20%	39	51	25	32%	37 1	(*75914)	160	7	_	_	5	_	_	
lati Power	500	56	略%	74	. 8	16%	17	Option	IUU	Sep	Dec	<u>.</u>			Her	RIGHTS
*541 %)	20)	25	38	45	25		37%	Opara I				_	Sep	Dec	-	Issue Am
latviest	253	60%		1014	50%	ħ	89n	BG	230	23h	23	347	3	8	9	price pair
(HEU/A)	950	364	76h	894	75	162	117	(*239)/:)	240	10%	17%	23	10%	15%	17%	• • • • • • • • • • • • • • • • • • • •
leuters	600		71	83	13%	25%	261/2	B\$kyB	460	24	41%	轰	22%	34%	401	<u>р</u> що
640%)	650	211/2	4	葛	33%	44%	51	(*46114)	500	84		3517	G's	58	64	10 NE
loyal/\$un Al	500	28	45	52	24	20,	42	Brit Stotech	140	24	32	32%	8	14	20%	1200 Ni
503)	530	912	241/	31	5714	65	71%	(*152%)	180	ü	23	307	18%	25%	314	11 Ni
aleway			-0	D	616	12	15	Centrica	80	11		15%				605 ND
384%)	390	16	25%	331/2	17%	24%	25						11/2	4	5	- Ni
ansbury	420	20%	35	-44	15	30%	24%	(*88%)	90	5	9	10	516	832	914	120 Ni
42612)	400	377	18	24	35	43	45%	Discons	600	31	54	54	2116	32	37	pm premium.
hed Trace	83	25%	3	-	18	4	-	(1809)	650	Ħħ	31%	41	51	61%	64	
439%)	4	174	20%	-	2	33	_	B A	548	Ж	笞	74	154	IJ	¥	
ank) Betara	1150		111%		431/2	65	币	[SE)	575	21	414	53%	29	40	45	
1168/2	1200	400	E in	112	8		103	Granada	800	53	79	91%	10	21%	28	
ad Chemid	43)		113%		304	40%	60%	(1837%)	850	23		64%	31	42%	49%	FT 30 li
992)	1000	644		怬	23	70%	539	GUS	800		45% 45%		17	31	37%	
Parmee Wir	750	60%		97	1716	27	30	(1812½)						-	_	=
785h)	800	31%	4517	60	37%	45%	53		650	10%	25	361/	45	60	64%	FT 30
odatone	300		254	34%	10%	17	1912	LlaydsTS8	700	54%	86	95	25	42%	49	Ord. div. yiel
306)	33	7%	15%	21	28	33	35	(732)	750	30	80%	W.	49%	ΩV;	73	P/E ratio net
Yochwich	280	274	39		715	13%	18	Lonrigo	720	84	12	15	4	6	85	P/E ratio nil
299)		171/2		35 14	16	22%	27	(722)	130	44	74	10%	10	11%	14	FT 30 since con
eneca	2000)	112%	1649	舖	箭	5	115	Nonech U.	300	25%	38	47	5	9	12	FT 30 hourly

atone	300	20	254	34%	10%	17	1915	Liayastsu	700	51%	85	95	25	24	4
06)								(*732)	750	30	眦	70%	49%	₽¥.	7
abulch				67h				Lonrigo	720	84	12	15	4	6	8
99)				35 14				(7122)	130	44	74	10%	10	114	1
BC8	2000)	1124	1649	粕	6	55	115	Norwich U.	300	25%	32	47	5	9	1
1404)	2100	Πħ	120%	10	129	152	767	("32012)	330	10	22	30h	17%	22	25
		<u>~</u>	1907	145	449	HOY	Feb	Drange						7%	
- F	180	8	1435	21	31/2	11	12%	(*209)	220	5	12	16%	13%	17%	191
861	200	75	Th:	129	15%	23	231/2	Reitrack	740	86	粤光	-	11%	24	
e Circle	390	24%	35	4	114	10	13%	(*782%)	790	31	_	_	3116	-	
11)	420	6	18%	7	13%	24	35	Scot Power	420	14%	25%	30	1916	25	3
Aero				1894				(°421½)	480	4	12	16	501a	53%	5
359)	140)	11%	112	ij,	50%	780		Tarmee	110	8	11	14%	2%	8	-
Telecom	485	um	ZI'N	2019	18	Z	3377	Tarmae (*113½)				10		116	
26%) Ibery Sch	700	-			-77	- 20	æ	Tomkins				24			-
1061 J 2621 1851				40			1832	(*307%)						33	
kilih gub em)	800			44) 54		.5217 10		Unitever						73h	
25) 25)	620							(*1820%)	1900			113		1264	
E47	~~	•	12	417	un	- 44	2477	1		-	-	114	- 33		16

9	Ή¢	Granada	800	23	70	91%	46	21%	28	
ě	DI.			_					_	
ŀ	839	(1837%)	850			84%		42%		•
ě	30	GUS	600			564		•	37¥	
6	53	(18121/2)		10%	25	367	45	60	54%	
7	19%	LlaydsTSB	700	51%	86	95	25	42%	49	(
3	35	(*732)	750	30	眦	π×.	何,	જ	73	ı
í	18	Lonrigo	120	84	12	15	4	6	89-	ŀ
£	27	(722)	130	44	74	10%	10	1114	14	F
ġ	115	Norwich U.	300	25%	22	47	5	9	12	1
2	167	("32012)	330	10		30h	_	-	25%	•
í	Fab	Drange .		14%	_	28%	- 4	7%	Bh	-
1	12%	1209	220			16%	-		196	
	231		74D	_		-		24		
		(*782½)	790	_					-	
		Scot Power					314	_	-	3
;	-20	SOX FOWS			25%		1915	25	•	E
i	8	(°421%)	480	_	12			53%		-
	33%	Tarméc	110		11	141/	2%	8	7	5
ì		(*113 b)			Бŀг	10	8	116	13	1
	18%	Tomkins	300	114	19%	24	9	14	18	•
,	41	(*307%)	330	11/2	8	11%	31%	33	36	
Ö		Unitever	1888	7	120%	100	5	7310	76er	
	3314	(*1820%)	1900	25	81	113	93	1262	120	•
	11%			_		Ť	- -			•
	21%	* Underlying are based o	y 50	CUTTLY COLOR	prior	L Pro	mi,	18 B	Т	ſ
	11	August 1	احتد	COM	en p tranto	Fra	.		nata.	ì
D	23h	options: 26,	387	Calls	11,2	48 P	uts:	15.079	3	١
					•			_,		

		n Friday			ver 5 day	
	Rises	Falls	Same	Rises	Falls	Sem
British Funds	3	78	0	145	260	
Other Fixed Interest	0	0	9	1	2	42
Mineral Extraction	61	84	47	391	360	209
General Manufacturers	109	144	381	687	724	1.763
Consumer Goods	44	64	132	233	336	63
Services	105	139	330	534	755	1.58
Utilities	5	27	17	78	96	7
Financials	82	119	208	523	513	1.009
Investment Trusts	90	244	293	848	560	1.727
Others	47	74	234	298	342	1,140
Totals	546	973	1.651	3,738	3,948	B.173

N RECENT ISSUES: EQUITIES price Net Div. Grs. P/E p +/- div. cov. yid nel (Em.) High Low Stock | ABS3 | 225 | 22012 | Siltino | 22312 | +1 R010c | 1.5 | 2.7 22.9 | 134.1 1073 | 101 Bristol & W Pri | 10714 | 10.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1.3 | 1

Issue price p	Amount paid up		1997 High		Stock		Closing price p	+01-
Issue price	Amount paid	Latest Renun.	1997		_			
Issue	Amount	Latest		_				
RIG	nia ot							
~~	ute A	FERS						
† Alten	native investi ymbols piess	ment Meri na reler to	ust. § Plack The Londo	ng price. " I n Share Ser	introduction. Mice notes.	For a full o	oplanatio	n of all
					2012	-	-	
		_ 221.			140	13.49	0.1 3	1 -
•	F.P.	8 1401 ₂ - 22%	138 ¹ 2 Ted	Delse				
5	F.P. 57. F.P.	8 140l ₂	1051 ₂ †S85 1381 ₂ Ted	S Group	10512	124	2.0 2	3518
§100	F.P. 7,4 F.P. 57. F.P.	9 120 ¹ 2 8 140 ¹ 2	10512 TSBS	tourne Merit S Group Pates	10512		2.0 2	 8 18 6

price	paid	Renun.	1997	-		Closing	
<u> </u>	υp	date	High	Low	Stock	price p	+01
10	N	14/8	1 ¹ 4pm	1pm	Active Imaging	1pm	
1200	Ni	6/8	117 ¹ 2pm	17 ¹ 20m	Brit Borneo Synd	35 ¹ 20m	-412
11	Nii	18/8	3pm	3cm	Fortune Oil	3pm	
505	ND	21/8	151 ¹ 2pm	140pm	Logica	151 ¹ 2pm	
-	Ni	11/8	421 ₂ pm	6pm	Lon Brid Shw Cv	12 ¹ 2pm	-7
120	Ni	7/8	6 ¹ 2pm	1 ¹ 4pm	Tea Plantations	1 ² 20m	-12
pm pren	iu I.						

FT	30	INDEX
		Also.

		T- VI	441 00	AMI TR	Am FD	II My					
FT 30	3092.2	3101.6	3110.5	3088.3	3078.4	2772.4	3128.1	2669.8			
Ord. div. yield	3.53	3.52	3.52	3.55	3.57	4.10	4.22	3.50			
P/E ratio net	18.30	18.36	18.36	18.24	18.13	16.33	18.98	15.80			
P/E ratio nil	18.12	18.17	18.17	18.06	17.95	15.17	18.78	15.71			
FT 30 since compliation; high 3128.1 16/07/97; low 49.4 26/08/40, Base Date: 1/7/35.											
ET 96 hausky alegans											

FT 30 h	ourly c	henge								
Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	Hiigh	Low
3106.2	3115.4	3111.0	3105.9	3113.4	3111.9	3104.8	3111.3	3086.3	3116.6	3084.7

				14174		
3106.2 3115.4 3111.0	3105.9 3	113.4 3111.9	3104.8	3111.3 30	36.3 3116.6	3084.7
	Aug 1	Jul 31	Jul 30	Jul 29_	Jul 28	Yr ago
SEAQ bargains	48,956	46,124	44,714	47,362	49,500	33,225
Equity turnover (£m)†	_	NA.	NA	2374.0	2844.3	1638.3
Equity pargainst	_	NA.	NA	44,109	48,323	31,575
Shares traded (milit	_	NA.	NA	699.3	769.2	512.7
(Exclusing intra-market ar	nd overseas	tumover but	including	Crest turno	ver.	

TRADEPOINT INVESTMENT EXCHANGE Dally turnover for 1/8/1997 1,707,000 Value: 59,627,470

STATES OF THE ST

HOUSEHOLD GOODS

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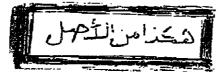
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LONDON SHARE SERVICE

PROPERTY OTHER INVESTMENT TRUSTS | Color | Colo The following impersions there are no significate to produce the first Accounts Described to the following in the first Accounts Described to the first Accounts Described Resident Name of the control of the 6.6 10.5 Research Processing 10.0 — Revelation Processing 10.7 10.5 Recently history of 10.5 Services 10.5 Hotels Price - into the second + or 1997
- 10½ 511 51
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after bonds shakeout

Tumbling Treasury bonds However, the setback should led US stocks sharply lower in morning trading as the bond and stock markets, he Dow Jones Industrial Average fell by more than 100 points at one point and other, among the hardest hit as leading-indices traded lower, bond prices plunged. Chase

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By early afternoon the Dow was down 84.07 or more than I per cent at 8,138.54. The Standard & Poor's 500 sank 11.79 at 942.52. The Nasdag composite, heavily weighted in technology stocks, was off 6.05 at 1.587.76

The bond and stock markets were hit with several economic reports, including news that the unemployper cent and non-farm paymile increased by an unexpectedly large 316,000.

In a separate report, manufacturing activity rose faster than expected, according to the National Association of Purchasing Management. The NAPM report cited a sharp rise in prices paid as well, reflecting rising commodity costs. Both the payreports put severe downward throughout the morning.

"All the market needed knock it down," said Mr C\$57.05.

Stephen Shobin, technical analyst at Lehman Brothers. be temporary in both the

Banking stocks were urites John Labate in New Manhattan lost \$21 at \$110% and Bank of New York fell \$1% at \$47 ...

Although the Nasdaq fell,

technology stocks were mixed as the Pacific Stock Exchange index lost less than one point at 325.39. Among the risers, Intel gained \$1% at \$93% and Oracle, the second largest software company, gained \$1/4 at \$54 Apple Computer jumped \$11 or almost 4 per cent to \$18% on speculation ment rate in July fell to 4.8 about possible board

> TORONTO fell sharply. with banks tumbling following a shakeout for bond markets and most leaders moving determinedly lower. At the noon calculation, the 300 composite index was off 52.18 at 6,825.50.

Banks were among the weakest sectors as worries about the immediate direcroll and manufacturing tion of US interest rates resurfaced in the wake of the pressure on bond prices latest jobless data. Royal Bank of Canada came off 95 cents to C\$65.20 and Bank of was a slight gust of wind to Montreal lost 40 cents at

Mexico City turns lower

IPC index of 80.39 or 1.6 per cent to 4.987.44 following the early shakeout on Wall in heavy volume. "It was an unmistakable sell signal. Bonds were all over the to take profits," said one

off 15 centavos to 21.45 pesos per cent at 12.396.

MEXICO CITY reversed two and financial group Bandays of solid upswing with a comer retreated more than 3 midsession decline for the per cent, sliding 16 centavos to 5.62 pesos. SAO PAULO was hit by

worries about the trade fig-Street. Dealers said leading ures after the market was stocks fell across the board said to have got wind of a larger-than-expected trade deficit for July. "Its pure speculation. We

place and everybody rushed have not yet seen the official figures", said one trader. At midsession, the Bov-Telefonos de Mexico came espa index was off 477 or 3.7

WORLD STOCK MARKETS

Share price and index (rebased

AEX

Hoogoven

out among retailers, retreat-

ing DM23.80 to DM687 and

DM3.65 to DM95.45 respec-

tively. Chemicals, weak on

Thursday following a wobble

for the dollar, stayed dull

with BASF easing DM1.35 to

DM69.15 and Hoechst coming

down, handing back all its

early gains and mirroring

the Dow's drop. The AEX

index closed at 980.74, off

2.59 after spending most of

session zig-zagging at higher

AMSTERDAM

Wall St falls Frankfurt softens on Dow's weak opening

The initial nose-dive on Wall Street pushed FRANKFURT sharply lower and at the close of electronic trading the Dax was off 68.54 at 4,336.98 having stood comfortably above 4,400 when official floor trading came to an end.

Retailers took one of the day's harder knocks, chemicals continued to lose ground noticeably and Daimler Benz suffered further share price falls following broker downgrades. Mannes mann, up DM18 at DM871, was a rare gainer among

Daimler came off DM4.75 to DM148.10 for a two-day decline of 7.5 per cent. Both Merrill Lynch and Deutsche Bank cut earnings forecasts following the industrial giant's first results and conference call on Thursday. Merrill set a target price of

DM125 for the shares for the medium term. "The company's results were solid, but not spectacular, especially when they were stripped of currency exchange benefits," a Merrill analyst said. Karstadt and Metro stood

was Hoogovens, which advanced Fl 9.30 at Fl 134.80 ahead of its half-year results on Wednesday.

Akzo continued its strong performance on the back of interim results on Thursday, closing up Fl 19.70 at Fl 340.50. It was also boosted by an upgrade to "buy" from

Second-quarter figures and a four-for-one stock split at Unilever also met with approval, and the shares were ahead Fl 12.40 at FI 467.40.

Optical discs equipment maker Toolex Alpha continued its recent rise, ending up 8.3 per cent or Fl 1.70 at Fl 22.20 in heavy volume. PARIS ended the day in loss, with the CAC 40 closing

down 26.33 at 3,049.44. Alcatel Alsthom closed sharply higher, up FFr50 at off a similar amount to FFr859, on exceptionally strong volume of FFr2.2bn after the company yesterday reported a 17 per cent increase in first-half sales to FFr86.92bn.

Most other active blue chips closed lower, with Carrefour down FFr67 at

Tokyo slides as systems failure hits trading

FTSE Euraton 300 996.20 2316.93 2.30 300 Ex-UK 300 Exrebios 300 Ex-Eurobios 996.94 996.68 995.85 FTSE Eurotop 300 E -0.25 +0.14 -0.22 -0.60 -0.02

FFr14 lower at FFr693. day on takeover rumours. BNP, down FFr10 at FFr285, ran into profit-taking after reaching a 1997 record high of FFr301 on Wednes-

THE WEEK'S CH	anges
	∿ Change
Frankfurt	+0.4
Paris	+0.7
Amsterdam	-0.1
Milan	-2.7
Zurich	+0.8
Stockholm	-2.0
Madrid	-0.1

Other banking stocks held up better, with Société Générale FFr4 higher at FFr822 and CCF gaining FFr6.60 to close at FFr317.60.

Peugeot, down FFr18 at FFr698, pared yesterday's strong gains seen after the company announced a 6.3 per cent increase in first half

on the real-time sales in July.

Mibtel index in spite of a steep fall at Olivetti. Shares

cent following disappointing borrowing figures and a decline of more than 10 per cent in sales for the first six months of the year. The shares closed off L32.90 at

HELSINKI'S HEX index closed down 5.98 at 3.609.99 on profit-taking amid reluctance by investors to commit themselves ahead of Nokia's third-quarter results on Monday. Nokia eased on profittaking, down FM1 at FM472.50.

STOCKHOLM ended a rollercoaster unchanged, losing ground with other European stocks on the US data release. The general market index inched

up 1.40 to 3.158.31. Telecoms group Ericsson Skr361.5, counteracting a fall of Skr1 at fellow heavyweight drug company Astra, which ended at Skr142

Volvo came off intra-day highs to end Skr0.5 stronger at Skr214, after announcing MILAN added 1.00 at 14,695 a 2.2 per cent rise in US car

Written and edited by Jeffrey

Tokyo plunged 2.6 per cent after a computer-system failure forced the exchange to suspend all online operations for the first half of the day and limit trading to the 150 issues in the Nikkei 225 index which are handled manually by floor traders, writes Gwen Robinson, The Nikkei 225 average

ASIA PACIFIC

ended 527.05 lower at 19,804.38 after moving between 19,797.58 and 20,399,14, When full trading resumed

in the afternoon, stocks tumbled on bedge selling of index futures in Osaka. The system failure had halted arbitrage-related transactions in the first half of the day. At the close, cash market volume was an estimated 450m shares, against the previous day's 448m.

first-section stocks slid 31.25 fell Y70 to Y2.130 and Indus-

Perm Int Searing She £1000 - 12'>

to 1.512.79 and the capitalweighted Nikkei 300 was down 6.44 at 295.49.

Continuing demand for Sony shares led the limited morning transactions, as investors welcomed the previous day's announcement that first-quarter profits had more than doubled. After reaching a record high of Y12,600, Sony closed at Y12,200, up Y400. Other blue-chip electricals

followed suit. Fujitsu rose Y20 to Y1.760, Advantest Y300 to Y11.300 and Hitachi. the day's most active issue. Y20 to Y1,360. Car makers, however, retreated. Honda fell Y130 to Y3,830 and Toyota Y120 to Y3,510. Nomura Securities fin-

ished unchanged at Y1,680 after rewriting the year's intra-day high earlier in the session. Banks generally retreated.

THE WEEK'S CHANGES Kuala Lumpar.

trial Bank of Japan Y50 to Y1.600.

Contractors continued the slide triggered by Wednesday's collapse of Tada, a medium-sized contractor. Taisei fell Y11 to Y466, Obayashi Y21 to Y673 and Shimizu Y21 to Y589. Tada, which was not traded in the morning, ended at the asked price

In Osaka, market sentiment was dampened by the

virtually remained modest at Bt3.5bn. earlier rising to M\$10. unchanged at 20.7m shares. In London, the ISE Nikkei 50 gained 2.83 at 1,699.71

MANILA moved higher on low volume with the composite index adding 19.24 to 2,635.64. Dealers said trading was again characterised by uncertainty. Currency and money markets remained

Small caps provided of the day's features. Gaming concern Belle Corp was the most heavily traded stock, rising 10 centavos to 6.60

BANGKOK moved lower for the third day running as worries about the economy continued to depress sentiment. The move by Standard & Poor's to put Thailand on creditwatch was quickly interpreted as a sell signal. At the close, the SET TSE's computer problems index was off 13.58 at 652.04 the release of its half-year The Topix index of all Bank of Tokyo-Mitsubishi and the OSE average fell for a three-day loss of results. The stock ended

KARACHI stocks ended sharply down in blue chips. The 100-index ended down 58.40, or 2.94 per cent, at

profit taking after sharp but not exciting. "Otherwise, increases in the stock prices the banks will get squeezed in the past few sessions and around the neck," he said. said profit-taking would con-

R10 lower at R415, Engro and Fauji Fertiliser fell R4 to

KUALA retreated as buying interest its recent bullish run and as waned ahead of the weekend. The composite index Telekom, which underpin- slips below \$325. ned the market's rise in the

morning on a strong rebound, fell back ahead of 388.29 to 20,721.56, while vol- around 30 points. Turnover unchanged at M\$9.70 after dropped 27.7 at 7,456.8.

"Blame the ringgit. Intersaid news that the central Bank Negara has asked local A Fortune Securities banks not to raise their base dealer attributed the fall to lending rates was helpful

Pakistan State Oil closed SOUTH AFRICA

Chemical R8 down at R163 Johannesburg industrial shares finished weaker, trickling down on Wall Street's overnight slide after some profit-taking sets in. Golds also ended off on an closed down 10.21 at 1,002.63. ailing bullion price, which

The industrials index closed down 5 at 9,145.5, while golds shed 18.1 at 963.7.

The all-shares index

LONDON STOCK EXCHANGE - DEALINGS

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those at which the bosiness was done in the 24 hours up to 5.15pm on Thousday, they are not h otes the day's highest and lowest trades. For those securities in which no business was recorded in Thorsday's Official List, the letest recorded besiness in the four previous days is given with the relevant date. The size of individual deals are reended to the nearest thousand and represented within percenteeses, where available. # Bargains at special prices. " Baggains done the previous day."

Corporation and County Stocks

istol (Cay of) 11 2% Red Six 2006 - 127% (25Jy97) 5Jy97) ley Metropolitan Borough-Council 7% Lin Dudley Metropolitan Borough-Council 7% Ln Sk. 2019 • 951- (25.bg87) Seitord (City of) 7% Ln Sik 25/1/2019 • 95 (25.bj87) Sunderland (Borough of) 11% Red Stk. 2008 - 130 (29Jy97)

UK Public Boards National States (No. 1974) Sept. 1974 (28.1) 97. ASS. 83.2003 - 81% (28.1) 97. ASS. 83.2003 - 81

Foreign Stocks, Bonds etc-Coupons Payable in

London BAA PLC 114%, Bds 31/3/2016 Gbp (Var) (Br) - 141/078125 (251/97) BAA PLC 54% Criv.Bds 2006 - 116%

(28Jy97)
De Beers Centenary Finance PLC 9¹/₂5, Gtd
Bds 31/12/20 £ (Var) (Bt) - 116²6 [24Jy97)
Lewis (John I PLC 10²/₂5 Bds 23/1/4 £ (Var)
(Bt) - 126²/₂5 1 (24Jy97)
Lloyds Bank PLC 10²/₂5 Sub Ln Set 2008
12²/₂ (30Jy97)
Happral Westminder Bank PLC 11²/₂5 Linet

1274 (301/97) National Westminster Bank PLC 11 14% Und Sub Nis (Criv to Pri) (Br) - 125 (281/97) National Westminster Bank PLC 11 14% Und Sub Nis 21000 (Criv to Pri) - 125 (281/97) Paarson PLC 101/96 Bds 13/6/08 ((Var) (Br) - 118/9 8 (241/6/27) · 118 9 .91 (24.b/97) RTZ Canada Inc 7 VAG Gad Bds 21/12/98 1 (Var) (Br) - 99,58

(Var) (BY) - 19:35 kobish Amesbie Finance PLC 8:5% Und. Sub Gat Bus £ (Var) (Br) - 107's (30.)y97 kouth Africa (Republic of) 9:375% Nis South Artica (Republic of) 9,375% Ns 62/2006 5 (Var) (Br) - 104% (29.5/97) Tammer Finance (Jessey) PL 97% Cnv Cap Bits 44/06 (Reg) - 107 (30.5/97) United News & Media PLC 64% Sub Cnv Bds 2003 (Reg) - 103% (25.5/97) Debt Issuance

Programmes Co-Operative Bank PLC Filig Rec Ord Nts 1297 E (Br) - \$123 (28)y37) Deutsche Ptendbrief-und Hypothoken 6.5%

Sterling Issues by Overseas Borrowers Nopment Bank 10'4% Ln Sik 2009 (Reg) - 1224 (29Jy97) Bank of Greece 10445 Ln Stx 2010 (Reg) -121 (24Jy97) Europeen Investment Bank 9% Ln Stx 2001

121 (24)97)
Etropean Investment Bank 9% Lri Sik 2001
(Fagi - 105's (23))97)
European Investment Bank 10% Lri Sik
2004 (Regd) - 117 72 (24))97)
European Investment Bank 9% Lri Sik 2001
(Bi) - 106's (24))97) (Br) - 106** (24.ly87)
Emposar investment Bank 9*2s Ln Sik 2009
- 114.8 (23.ly97)
International Benk tor Rec 8. Dev 9*4% Ln Sik.
- 2010 (Reg) - 119*s (23.ly87)
International Benk tor Rec 5 Dev 11.5% Ln
- Sik 2003 - 121 (20.ly97)
- Sik 2003 - 122 (20.ly97)
- Sik 2004 (Reg) - 124 46875 (24.ly97)
- 124.46875 (24.ly97)
- 124.46875 (24.ly97) Listed Companies (excluding Investment Trusts)

50p - 45 (28,N97)

Alvis PLC 5.5% Cnv Cum Non-Vig Red Pri \$1

Angle United PLC Was to Sub for Ord - '-(24.)97) API Group PLC 9.85% Cum Pri £1 - 65 Red Pri \$1 -90 (30Jy97)

Basiny (C.H.) PLC Ord 10p - 8 (30.5y97) Basiny (C.H.) PLC Ser B'Ord 10p - 24 (29.b/97) Bank of Scotland (Governor & Co of) New 9k% Non-Cum Ind Pref Stk - 1285

lys Ganit PLC Besclays Prop Index

(25Jy97) B.A.T industries PLC ADR (2:1) - 17.136678 .43881827 (20) .4389184 (25) .4389185 (20) ,49941687 (12) 5 (30.)/97) ,9984 BBA Group PLC 5% Cum Pri 21 - 58 60%

Beforey PLC 95% Cum Red Pri 2014 21 -118 (24.1/97) BG PLC ADR (10:1) - 41.05 Billion PLC Ord \$0.50 - 222 (20, 15) 2 (30,197) 2 (23,1977) 7 (83) 26 (25) 31

120) 6 (1) Billion PLC Ord \$0.50 (A/L - 29/08/97) - 220 (250, 10000, 6500, 1750) 1 (22,ke/) 1 /m 3 /200 110 40 5013 (30,697) 3 (223/97) 12(125, 10) 89 (10) 4 (58, 100, 89, 30, 1300, 1000) % (560) 5 (22Jy97) %

ema 75% Lins Ln Stk 87/2002 50p - 48 (25Jy97) tareaser Industries PLC 11-25p Cum Red

(30J)977 Allied Domecq PLC ADR (1:1) - 7.2529 (30.)97) .37 Allied Comecq PLC 5'494 Cum Pri £1 - 72 3 (28.)y97)

Wiled Damecs PLC 79% Cum Prf £1 - 91 Alled Domeco PLC 113% Deb Stk 2009 -

(28Jye7) Issociated British Engineering PLC 8% Cum BAA PLC AOR (1:1) - 9.58 .72

(25Jy97)

Certs 97 2100 (Reg) - 2103.86 (24Jy97) Jays Bank PLC BZW FTSE Loke Trade Barciays Sates PLC: SLOW P1992 Lifted Flace Prolection Cop Units - 48.18 (29.1987) Barciays Bartis PLC: 27% Units Cop Ln Set 2010 - 134° (20.3987). Barciays PLC: ADR (47.1 - 82.2 (1) Bass PLC: ADR (47.1 - 82.2 (1) Bass PLC: ADR (57.1 - 27.55 (20) - 98 (2) Bass PLC: 10°45 Deb Set 2016 - 130°5 (2) 25 Levin - 25

(22Jy97) 2 (160, 90, 390) 3 (100) 3# (1) 3# (70) 5 (48, 18, 28, 10) 6 (22,1/97)

(30Jy97) 122 (30Jy97) 2 (30Jy97) 2

% (30Jk97) % (30Jk97) % (30Jk97) % \$ (30,b97) \$ (30,b97) \$ (30,b97) \$ ቱ (30Jy97) ½ (30Jy97) ½ (30Jy97) ½ \$ (30,1497) \$ (30,1497) 4 (30,1497) 4 (30.1y97) 4 (30.1y97) 4 (30.1y97) 4 (30.1y97) % (30.1y97) % (30.1y97) % (30.1y97) % (30Jy97) % (30Jy97) % (30Jy97) 5 (30Jy97) (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97)

. 116 (28Jy97) Lus Circle Industries PLC ADR (1:1) - 7.02 (1975 or atter) - 81 (28Jy97) BOC Group PLC AOR (1.1) - 37.68 .7

(25Jy97) Sooker PLC ADR (4:1) - 17.47 (3DJy97) Boots Co PLC AGR (2-1) - 25.4 (30J/97) Bountemouth & West Hampshire Water PLC 8.5% Corn and Pret £1 - 110% (30J/97)

375 (0) A375 (0) British-Born 375 (D) 4375 (D) Finish-Borneo Peiroleum Synd PLC New Ord 10p (Np - 060987) - 0.4 (D) 188 (30Jy97) 8 (30Jy97) 22 (30Jy97) 5 (30Jy97) 31 (1) 2 (50) 5 (S. 100, 0, 3, 2, 0, 25) 6 (2, 20) 7 (D) 8 (1) 40 (D, 89, 0, 5, 1) 2 (100, 25) 3 (54) 5 (5, 0, 4) 5 (25)/97) % (4) 8 (1, 3, 0) 7 (45) 7 (25)/97) 7 (25)/97) 8 (25) 9 (25) 50 (0, 3, 51, 150, 25, 40)

.75 (6) .77 (19) .8115728 (50) * .855 (80);97) .874071 (27) .876 (80);97) .874071 (27) .876 (80);97) .981051 (27) .989087 (23) 8 (25) .061586 (10) .115 (30);97) .1775 (30);97) .18856 (20) .23 (10) .249058 (25) .25 (19) .25 (13) hiish Telecommunications PLC ADR (10:1) -70.37365378 (19) .375 (18) .545 (5)

8TR PLC ADR (4:1) - 12,625 .69 .7 ° .76 Budgens PLC 5% Cnv Uns Ln Sk 2003 - 62 (30.)437) Budgin (A.F.) & Co PLC Ond Sik 5p - 68 9 (23.)437) (29.0/97)
Bulmer (H.P.) Hidgs PLC 8%% 2nd Cum Pri E1 - 117% (30.0/97) Burman Castrol PLC ADR (2:1) - 35.05 Burman Castrol PLC ADR (2:1) - 35.05 Burman Castrol PLC 7"% Cum Red Pri \$1 -85 (24.1y97) > (30.1y97) Surmain Cestrol PLC 8% Curri Pri £1 - 90 3

nvestments PLC 15% Uns Ln Sik Burndene Investments PLC 15% Uns un so. 2007/12 - 126 (28.1/97) Burton Group PLC 8% Uns Ln Stk 96/2001 -98 (30.1/97) SZW Endowment Fund Red Ord 1p - 147 (30.1/97) SZW Endowment Fund II Ld Ord Redeemable Chan La (18.0/1/12) 8ZW Endowment Fund II Ld Ord Redeemable Shs 10 (PMS 500 Regt - 52 (30Jy97) 2 (30Jy97) 3 (30Jy97) 5 (30Jy97) 5 3 (30Jy97) 5 (30Jy97) 3 (30Jy97) (30Jy97) 5 (30Jy97) 5 (30Jy97) Cable AND Wireless Comms PLC ADR (5:1)

24.375 (7) Cadbury Schweppes PLC ADR (4:1) - 38.274 (8) .3737204 (20) .37372041 (5) .4 (29Jy97) 49671538 (1) * 9 (5) .0625 (2) .125 (2) 63.375 (10)

CAMAS PLC Ord 5p - p82 (25Jy97)
Cammel Laid Hidgs PLC Ord 5p - 119 (7, 2)

CAMAS Pi.C Ord 5p - p82 (25.97)
Cammel Laird Hidgs PLC Ord 5p - 119 (7, 2)
20 (30.92)
Candon PLC 19 Sha 51 - 90 (1, 0, 1) 2 (7)
Cardon Communications PLC ADR (5:1) - 40.92 (1)
Certon Communications PLC 5.5p (Not) Com
Chr Pri - 137 's (30.97) 9's (30.97) 9
(30.947) 's (30.97) 9's (30.97) 9
(30.947) 's (30.97) 4
Cashlwood Allarone Hidgs Ld 7*9s Unis Ln Six
50p - 44 (25.97)
Chelenten & Gloucester PLC 11*8s Perp
Sub Bds 150000 - 151 (25.97) Perp
Sub Bds 150000 - 151 (25.97)
Chestine Budders Society Fig Paise Perm Init
Bearing Shis - 116 (30.97) 7 (30.97)
Chestine Budders Society Fig Paise Perm Init
Bearing Shis - 16 (30.97) 7 (30.97)
Chestine Budders PLC 4.2% Cum Pri 51 80 (30.97) 60 (30.97)
Coms Palons PLC 6*4% Unis Ln Six 2002/07 86 (25.97)
Costs Vipida PLC 6*4% Shi Chr Bds
0908/03 1000 (Fig - 91.7 (24.97)
Costs Vipida PLC 6*4% Cum Init Pri 51 121* (30.97) 's (30.97) 2 (30.97) 's
(30.97) 's (30.97) 3 (30.97) 5 (30.97) 's
(30.97) 's (30.97) 5 (30.97) 5 (30.97) 's

(30Jy97) (30 (Rg) - 101% (30J)/97) 2% Co-Operative Bank PLC R.25% Non-Curr Ind Co-Operative Benk PLC R.25% Non-Curr Ind Pri E1 - 123 (20)97) Cooper (Fraderick) PLC 6.59 (Net) Criv Red Curr Prig Pri 10p - 58 (30)97) 82 (30)97) Cordinate PLC ADR (3:1) - 6.25 (30)97) Cordinate PLC 74% Uns Ln Sit 2000/05 -100 (28)997) Coverny Building Society 121% Perm Ind Bearing 51s £1000 (Reg) - 158 (30)97) 15 (30)997) 90 (20)997) 1 (30)997) 2 (30)997) 1 (30)997) 1 (30)997 Crally 8 Rose PLC Ord Sit 51 - 225 310 Daly Mail 8 General Thust PLC Ord Sit 5

Daily Mail & General Trust PLC Ord 500

Daily Mail & General Thust PLC Ord 500 - 18478 (30Jy97) 7 (30Jy97)

Dares Estates PLC 10%% as Mig Deb Six 2012 - 93 5 (24Jy97)

Deve Valley Group PLC Non Vig Ord 5p - 397 (28Jy97)

Devenust PLC Ord 10p - 82 (25Jy97)

Desgon Oil PLC Who to disPDOII (FPIPAL 1108897) - 2% (30Jy97)

Desgon Oil PLC Who to Sub for Ord - 1% (4)

East Surrey Habes PLC 7.5% Curn Ind Pri St - 106% (30Jy97)

Ecclesiastical insurance Oilice PLC 8.625% Non Care Ind Pri St - 109 (30Jy97)

Ecclesiastical insurance Oilice PLC 8.625% Non Care Ind Pri St - 109 (30Jy97)

Ecclesiastical Insurance Office PLC 10% Red 2nd Curn Pri St - 115 (28Jy97) 2nd Cum Pri £1 • 115 (28Jy97) Eclipse Blands PLC Cnv Pri Shs 5p - 147 (25)97)
E Om Miring & Exploration Co PLC 109-845 (25)967)
Emass PLC 625p (Net) Criv Cum Pri 5p-564 (30)967) 7 (30)967) 7 (30)967) 7

564 (301)97) 7 (301)97) 7 (301)97) 7 (301)97) EM Group PLC 18'SNs 114.5p - 110 (291)97) 10 (281)97) 10 (291)97) 10 (301)97) 10 (301)97) 10 (301)97) 10 (301)97) 5M Group PLC ADR (21) - 19.03 (301)97) 5M Group PLC ADR (41) - 42.4724 (50) 5 (13)

Enterprise CN PLC 109% Uns Ln S& 2013 -1259 (304)97)

Environmental Investment Company Ld Zero Div Pret Shs 1p - 116'x (30Jy97) Essates Properly Investment Co Ld 10% 1st Mtg Deb Sh 2011 - 95 (28Jy97) Eurosumet PLC Eurosumet SA 1991 Wis (1E PLC & 1ESA Wt to Sub Uts) (Reg) - 35 (26Jy97) Falton Hitlps PLC Ord 5p - 135 (28Jy97) Feedback PLC 10% Criv Red Pri Shs 51 - 105's (28Jy97)

First National Building Society 117/% Perm Int Bearing Shs £10000 - 145 7"> (28Jy97) First National Building Scorty Fitig Rate Perm Int Bearing Shs - £105 (30Jy97) Firth Russin PLC 11.05% Curn Prt £1 - 126

Gallaher Group PLC ADR (4:1) - 17-5625 (25)
625 (12) 6875 (25), 7. 2. 4. 9. 25), 75
(23), 637 7. 84 (56), 857 (44, 25), 88 (13),
63), 92 (25), 95 (13), 98 (13)
General Accident PLC 7*45 Cum Into Prl E1114* (30),97) % (30),97) % (30),97 % (30),9

General Cable PLC ADR (5:1) - 511 24 (25.1)47)
General Electric Co PLC ADR (1:1) - 5.95 (30.1)47) 37
General Electric Co PLC ADR (1:1) - 5.95 (30.1)47) 37
Globs & Danrily PLC Ond 10p - 90 (25.1)47; Glob PLC ADR (1:1) - 17.27
Glob PLC ADR (1:1) - 17.27
Glob PLC 301, 131, 36 (13) - 4 (5) - 5 (25. 13) .74856 (10) 3.2075 (10) - 246958 (30.1)477, 5625 (6) .625 (2) (30.1)477, 5625 (6) .625 (2) (30.1)477, 5625 (6) .625 (2) (30.1)477, 5625 (6) .625 (2) (30.1)477, 5625 (6) .625 (2) (30.1)477, 5625 (19) .5 (30.1)471 - 39 15 (10) .28 (19) .5 (31.1)471 - 39 15 (30.1)471 (30.1)477 (30.1)477 (30.1)477 (30.1)477 (30.1)477 * (30Jy97) * (30Jy97) Gramlin Group PLC Ord 20p - 128 (0) 9 (50)

(30.1/97) Guerness PLC ADR (5:1) - 48.94 (10) 9.125 (5) Halifar PLC 12% Perp Sub Bds C - 148 Pri S1 - 60 (29Jy97) lenson PLC ADR (5:1) - 24,749172 (3)

ned PLC Was to Substor Ord - 11

(30Jy97) Heart of Midbithian PLC Ord 10p - 108 (30Jy97) Hillsofown Hidgs PLC ADR (4.1) - 11 Hillsofown Hidgs PLC ADR (4.1) - 11 Hillsofown Credit (UK) PLC Ord 25p - 150 20 Aug 27 (30Jy67) HT Entertainment PLC New Ord 10p (Np -05/08/97) - 30 (30Jy97) 5 (30Jy97) Housing Frience Corp Ld 11 Vs. Deb Six 2016 - 137.604 (30Jy97) .604 (30Jy97)

(24Jy97) (vaemer PLC 8% Uns Ln Stk 94/99 - 97 (30Jy97) Kvaemer PLC 91%, Uns Ln Sik 2000/05 - 99 (30,N97) Lactoroke Group PLC ADR (1:1) - \$4 03

Lonino PLC ADR (1:1) - 1,92

(30Jy97) Marshalls PLC 10% Cum Pri £1 - 90 (29Jy97)

(29,1997) * (30,1997) 8 (1.5.1.0, 2.7) 200 (30, 12, 30, 21) 2 (10, 0, 1, 2.5.1.19) 3 (10, 1, 0) 4 (100, 1) 5 (0) 6 (2) 7 (9, 1, 80) 8 (4, 1, 3, 1, 0, 1, 0, 5) 10 (2, 0, 1, 5, 0, 1, 5. 1) 1 (1) 2 (1, 15) 2 (1, 0, 1, 5, 10) 3 (20) 4 (0) 5 (1, 0, 5, 1, 3) 6 (1, 3, 1) 7 (2, 0, 1, 2,

Newcastle Building Society 10°4% Perm Int Bearing She £1000 - 137 (30Jy97) 's

Bearing Shis £1000 - 137 (30Jy37) \(\)
(30Jy37) \(\)
(30Jy37) \(\)
Newcastle Building Society 12*4% Perm Int
Bearing Shis £1000 - 159* (30Jy97) \(\)
(30Jy37) \(\)
NFC PLC 7*4% Cnv Bels 2007 £1000 (Pg) - (Pg) 98% (30Jy97) 9% (30Jy97) Northern Foods PLC 6% Chy Sub Bds 06/06/08 21000 (Rg) - 94 (30Jy97) 4

Peel Hidgs PLC 974% 1st Mig Deb Srk 2011 - 117 (20Jy97) 117 (303997)
Peninsular & Oneni, Steam Nev Co 7"A: Criv
Bide 195-33 \$1000 (Regit) - 105"A (25.N97)
Periums Foods PLC &p (Net) Cum Criv Red
Pri 10p - 93 (30.N97) 4 (30.N97)

(30,967). PLC AURY (2.11-7.27)
Reo Gazprom ADS (Repr 10 Ord Bur10) (144A) - \$16.55 (28,967)
Regal Hotel Group PLC Corn Curn Red Pri 2001 Gbp1 - 95 (28,967)
Regal Hotel Group PLC 95- First Mitg Deb Siz 2005 - 108 % (23,967)
Reurers Hoddings PLC AUR (6:1) - 35 625 (0) 64 96782 (1) - 5 (8) .125 (15, 0) .22 (4) .25 (10.9) 46 (11.5 (15) Ro Timb PLC AURY (4:1) - 66
Rio Timb PLC AURY (4:1) - 66
Rio Timb PLC 3.3356/ACurn Pri E1 - 83 (24,967)

8 (30.797) Royal Bank of Scotland Group PLC 11% Cum Pri \$1 - 119 (26.1/97) RPH Ld 5.8% (imly 8%) Cum Pri \$1 - 91 % (2-Uy97) Rugby Group PLC 6% Uns Ln Six 93/98 - 97 (30Uy97)

(201)/97)
Serviter (J) PLC ADR (4:1) - 28.59 (28.0/97)
Serviter (J) PLC ADR (4:1) - 28.59 (28.0/97)
Serviter (J) (3.0/97) - 54 ': (23.0/97)
Scholl PLC 51/5 Cm/ Cam Red Pri 2006/11
C1 - 93 4 (23.0/97)
Servicer PLC 51/6 Une Ln Six 97/2002

C1 - 93 4 (25Jy7)
Schooler PLC BA's Line Lin Six 97/2002 - 100° (24Jy97)
Schooler PLC BA's Line Lin Six 97/2002 - 100° (24Jy97)
Schooler PLC BA's Line Lin Six 97/2002 - 115 Mg Den Six 2016 - 125 (24Jy97)
Severn River Cressing PLC 6°4, Index-Linked Deb Six 2012 - 130° (80Jy97)
Shell Transport 6 Trading Co PLC ADR (6 1) - 43 36395 (10° 4498 (50) 255 (20° 1.75 (3) 4.4375 (4) 5 (10° 56) (65) 25° (20° 1.75 (3) 4.4375 (4) 5 (10° 56) (65) 25° (85, 5, 2) Simon Group PLC Ord 50° - 22° (8, 5, 5, 2) Simon Group PLC 42% (Inity 6%) Cum Pri E1 - 59 (25Jy97)
Shipton Building Society 12° 6% Perm Int Bearing Six 6 (1000 (Reg.) - 162 (30Jy97) 3 (30Jy97) 3 (30Jy97) 4 (30Jy97) 4 (30Jy97) 5 (30Jy97) 4 (30Jy97) 4 (30Jy97) 5 (50) Smithkline Beecham PLC ADR (51) - 97.3 3

(10, 5) 5 (5), 745708 (5), 75 (23) 9 (10) (00,49865 (24)97), 74 (24)97) Smoth (W.H.) Group PLC 54% Curn Pri St. 100 1 (24)97) Beath (W.H.) Group PLC 54% Curn Pri St. 100 1 (24)97) Starting PLC 04d 0.19 - 1, (23)97) Starting PLC 04d 0.19 - 1, (23)97) Smothourne PLC Was to Sub for Ord 1999 - 1, (30)97) Substities Speakman PLC 94% Red Curn Pri St. 100 (25)97) Swent Liden) & Sons PLC 04 Sp. 385 Tadpole Technology PLC Was to Sub for Ord 3 (24)97]

ment Communications PLC ADR (10.1) -Telement Communications PLC ADR (10.1) - 12.72 (SUN971) 3 (SUN971) 10:00,971 (SUN971) THEO EACH (11.1) - 7.24 (SUN97) THEO (Indexed 2) Lid 5.5% Index-Linked 5st 30:24 - 1123 (28.1)97) This lie Holds PLC 7*66 Ist May Deb Silv. 20:22 - 10:24 (28.1)97) Thom PLC 9*67 Siz 20 (1/14p - 20 (0, 1, 0, 5, 0) 20 (25.1)97) 1 (200, 1) Throm PLC 9*67 Siz 20 (1/14p - 20 (0, 1, 0, 5, 0) 20 (25.1)97) 1 (200, 1) Throm PLC Ord 10p - 6 (13, 6) To Substitute PLC Wits to Sub for Ord - 6 (5, 6) To Substitute PLC Wits to Sub for Ord - 6 (5, 6) Throm PLC 9*10 Substitute PLC 10.10 FL 15t May Tom Centre Securities PLC 10.5% 1st May

(28Jy97) Vodalone Group PLC ADR (101) - 49.875

£1 - 10114 (28Jy97) V E W Group PLC 10196 Cum Red Pri 1999-2002 £1 - 35 (30Jy97) Whitherad PLC 7% 3rd Cum Pri Stk £1 - 85 Whithread PLC 1156% Deb St. 2011 - 135

(29Jy97)
Wilss Corroon Group P.LC ADR (5:1) - 10.75
.8125 1.125 (30Jy97)
Wyevale Garden Certres P.LC 8.5% (Net)
Can Cum Red Prd 51 - 270 (25Jy97)
Young & Ce's Brewney P.LC 9% Cum Prt 51
115 (28Jy97)
ZENECA Group P.LC ADR (3:1) - 58,9967
(10) 9 7-856667 (1) .74667373 (3, 1)
7-4667333 (3) .746675 (10)

Bankers In: Tst PLC 8% Deb Stk 2023 - 108 (24)/97)
Barrig Triburie Inv Tst PLC 9 VM Deb Stk 2012 - 1134 (23)/97)
British Empire Set 5 Gen Tst PLC 104/5 Deb Stk 2011 - 1221/25/197)
Camgorin B.S. Inv Tst PLC Uts (Compr 1 Wn No.1 - No.10 - 90 (30)/97)
Camgorin No.1 B.S. Inv Tst PLC Ord 10p - 78 (28)/97)
Camgorin No.2 B.S. Inv Tst PLC Ord 10p - 83 (28)/97)
Edoblarin No.2 B.S. Inv Tst PLC Ord 10p - 83 (28)/97) 83 (28Jy97) Imburgh Inv Tst PLC 11 \2% Deb Sik 2014 • 140\5 (25Jy97)

English & Scottish Investors PLC B25p - 156 (23Jy97) INVESCO English & Intil Tai PLC & 875% Cum Pri C1 - 1154 (25Jy97) M & G Equity Inv Tai PLC Div Shs 1p - 5 (28)/97)
MCIT PLC Package Units (Comp : S Cap & 1 S Int) - 100 (24)/97)
Memury Acystone In: Tst PLC 73/4, Dec Six 2020 - 105', (25)/97)

2003/2004 - 145 (30Jy97) Shares Smaller Companies PLC Was to Sub-for Ord - 39 (30Jy97)

Tee Plantations Inv Tst PLC New Ord 25p (NE Pc - 07/08-97) (W.Ws) - '5 (19) ²4 (47) 1 (7) 2 (20) 5 (3) e Bor Inv Tet PLC 6% Cnv Uns Ln S&

Ln Ski 2006 - 127 (30Jy97) 7 (30Jy97) Witan Inv Co PLC 5146 Each Bds 18/08 51000 (Regd) - 119 (30Jy97) Witen Inv Co PLC 81-25 Deb Ski 2016 - 114 (30Jy97) 4 (30Jy97)

Abbey National PLC 16°4% Non-Cum Stig Pri She \$1 - 105°4 (\$001 28°5 (20) Abbey National PLC 6°4% Non-Cum Stig Pri \$1 - 105° (\$6, 2) ABF Investments 5°4% tins Ln Stk 87/2002

Aggregate Industries PLC 11 25p Cum Red Pri 2005 10p - 119 (29)y67) Aggregate Industries PLC 725p (Nat) Cmv Cum Red Pri 25p - 94 (25)y67) Alexon Group PLC 825p (Nat) Cmv Cum Red Pri 10p - 85 (25)y67) Allext Domeon Financial Servis PLC 64% Gid Cmv Sub Bds 777/08 €1000 (Reg) - 99% ATLAST

Victorie Syles Group PLC Criv Cum Pri 50p - 118 (25.1/97) Anglien Water PLC Wis to Sub for Ord - 301

(20) 2494248 (25) 3119228 (25) 3744208 (5) 43691739 (5) 43691739 43691778 (5) .436918 (5) .43691824 (16)

(30Jy97) 3 (30, 24, 13, 2, 0) 3 (30Jy97) 1₂ (30, 3) .89 (10) 4 (50, 12, 1, 6, 50, 4) 1 (51, 90, 50, 106) 5 (8, 200, 8, 2, 9, 3, 0) 5 (5,

(30)/97) 2 (30)/97) 2 (30)/97) .38 (30,1/97) .38 (30,1/97) .38 (30,1/97) Ya (30Jy97) % (30Jy97) % (30Jy97) % (30Jy97) 8 (30,697) 3 (30,667) 3 (30,697) 3 * (794,08) \$ (794,08) \$ (794,08) \$ 4 (30Jy97) 14 (30Jy97) 14 (30Jy97) 14 (30,497) > (30,497) > (30,497) > (30,497)

6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 6 (30Jy97) 8 (30Jy97) 6 (30Jy97) 8 (30Jy97)

8.5% Cam and Pret C1 - 110% (201)977
BPS PLC 7.25% Cam Sub Bats 25:08008
C1000 (Pag) - 123% (25:597)
Brackerd & Brighey Building Society 115%
Prim Int Bearing Sts C10000 - 145.88
(201)97)
Brackerd & Brighey Building Society 115%
Brackerd & Brighey Building Society 13%
Perm Int Bearing Sts - 161% (28:197)
Brackerd & Brighey Building Society 13%
Perm Int Bearing Sts - 161% (28:197)
Brackerd & Brighey Building Society 13%
Perm Int Bearing Sts - 161% (28:197)
Brackerd The Berder Group PLC Ond 10p
(Ridd - 010-197) - 44 (29:1)977
Brack that The Berder Group PLC Ond 10p
(Ridd - 010-197) - 44 (29:1)977
Brack Walker Group PLC Wis to Sub for Ond
1897-2077 - 4 (28:1977)
Brack Walker Group PLC 8.5% Soci Non-Cum
Cim Red Pri 2007-10 - 2 (28:1977)
Sciscol & West PLC Pri 1 - 102 (28:1977) & (20:1977)
Sciscol & West PLC Pri 1 - 102 (28:1977) & (30:1977)
Sciscol & West PLC Pri 1 - 102 (28:1977) & (30:1977)
Sciscol & West PLC 98-16 (10:1977) & (30:1977)
Bristol Walter Hidgs PLC Non-Vig Ond S1 - 1080 (28:1977)
Bristol Walter PLC 8-16 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-17 (20:1977)
Bristol Adverse PLC 8-1

an, 190, 20, 40) hitten Land Co PLC 11966 1st Mig Deb Stik 2018/24 - 139 (29Jy97) hitten Petroleum Co PLC ADR (5:7) (Each

.8851435 (20) * 1 (1) Briston Estato Pt.C 9.5% 1st Mig Deb Sti. 2025 - 122.1285 (25.ly97) Brocktonoton Hidge Pt.C Ord 10p - 180 4 120.0/9/) Rockhampton Hidgs PLC 'A'Non-V Ord 10p -82 90 (29.1/97) 82 30 (29.1y97) Brunel Holdings PLC 4.5p (Net) Criv Cum Red Pri 20p - 53% (30.1y97) 5 (30.1y97)

105'> (28Jy97)
Ferrum Holdings PLC Ord 1p - 2'> (25, 10) %

(25J)97)
Five Cells Investments PLC 8¹/₂, 1s; Mtg
Deb Stik 2019 - 103¹/₄ (25J)97)
Rare Group PLC Wis to Sub for Ord - 86 625 90 (25Jy97) Folias Group PLC Ord 5p - 70 (25Jy97) Folias Group PLC New Ord 1p (Np - 180837) -2.125 (3000, 9000, 5000, 2031) * (9000, 9000, 9000) *c (2, 8, 2, 3, 0, 6) 3 (36) * 4

25. 31, 0, 3)
Forendly Hotels PLC 4²/₂5 Cnv Cum Red Pri Ct - 8 (28Jy97)
Funding for Homes Ld 10 4/5 Eeb Sts, 2018 - 125'4 (30Jy97)
Galen Holdings PLC Ord 10p - 197 (350) 8 (17, 2, 1, 8, 2) 9 (2) 200 (100, 25, 1) 1 (3, 1) 2 (0, 1, 3, 1, 2)
Gallaher Group PLC ADR (41) - 17 5625 (25) 250 (10, 2575 (25, 7, 4, 6, 0, 5))

(30.)(97) \(\text{(30.1)(97)} \(\text{(30.1)(97)} \)
Halidax PLC (30.6) Perp Sub Bots \(\text{C} - 110 \):
(25.1)(97)
Hambors PLC Non \(\text{C} 1 - 65 \) (30.1)(97) \(\text{S} \)

The PLC \(\text{C} 1 - 65 \) (30.1)(97) \(\text{S} \) (30Jy97) 72f (30Jy97) Hampton Truet PLC 51% (Net) Cum Cnv Red Harson PLC ADR (5:1) - 24,749172 (3) .74917491 (26) .749175 (20) .75 (30J)97) * 5.0625 (15) .25 (5) Hardys & Hansons PLC Ord 5p - 265

Poulary France Cosp Lo 1194 Lee Set 2016 - 137,504 (30Jy97) - 504 (30Jy97) - 505
tonica Group PLC Ord 10p - 389 (1, 0, 1, 67, 8, 50, 100) 90 (1, 4, 150, 350, 0, 400) 1 (30/97) 31-05 (1, 0) 425 (183/97) Jarve Funding PLC Us (25 (183/97) Jarve Funding PLC Us (25 (183/97), 125 (Np - 64/08/97) - 0.125 (303/97), 125 Jones & Shioman PLC 4.9% Cum Pd 25o -

Jones & Singman PLC 4.9% Curn Pri 25p - 20 (28.197)*
Ketsey Industries PLC 111% Curn Pri 21 - 119 (28.1967)
Kerming Motor Group PLC 4.9% (imit) 7%)
Curn Pri 21 - 81 27- (24.1997)
Kinglisher PLC ADR (211) - 23.52
Kunds PLC 7p Cnv Curn Red Pri 5p - 82 (24.1997)

Land Securities PLC 7% Cnv Bds 30/5/2008 C1000 (Rg) - 151 2*4 (30Jy97) LASMO PLC 10*4% Deb Sit 2009 - 121*2

Liston Program 1: 24 (30.997) 1211; (28.)67) Leads 8 Hothack Building Society 131% Perm Int Bearing Sits - 158 (30.997) 8 (30.997) 1; (30.997) 1; (30.997) 2; (30.997) 3; (30.997) 3; (30.997) 3; (30.997) 3; (30.997) 4; (30.997) 4; (30.997) 6; (30.997) 7] Legis 8 General Group PtC 67% Crw Subort Bds 30/408 (1000) (Ptg) - 1934; (30.997) 4 Lewis (John) Partnership PtC 57% Cum Ptf St 61 - 58 (28.997) 1 Lewis (John) Partnership PtC 55% Sub Crw Bds 30/409 £1 (Regd) - 105.7 614; (30.997) 10 (30.997) 5 (30.997) 5 (30.997) 10 (30.997) 5 (30.997) 5 (30.997) 3 (30.997) 20 (30.997) 5 (30.997) 3 (30.997) 3

(30J)97; London Finance & Investment Grp PLC Wis to Sub for Ord - 9's (29J)97) London International Group PLC ADR (5:1) -Lorino PLC 401-% 1st Mig Deb SA 97-2002 -99 (25Jy97) Dorsdele Holdings PLC Ord 1p - 5 71875 % (25Jy97) LucasVarity PLC ADR (10:1) - 30,75 (20Jy97) Marts & Spencer PLC ADR (6.1) - 56,84

Marshalis PLC 10% Cum Pri 21 - 90 (28,1y37)
Marylebone Warwick Ballour Grip PLC New
Ord 50p (PP/PAL - 13/08/97) - 75 (3, 4)
McCarrity & Stone PLC 7% Crv Uns Ln Sti.
1998/2004 - 90 (28,1y97)
Merdona PLC ADR (4:1) - 12.75
Merchant Resal Group PLC 8*-4, Uns Ln Sti.
98/2004 - 91 (30,1y97)
Marsey Docks & Harbour Co 6*4% Red Deb
Sit 86/96 - 96 (25,1y97)
Mertoline PLC Ord 50 - 188 (25,1y97) 90
(29,1y97) V(20,4y7) 8 (1 5 1 0 2 1) 900

0, 2, 1, 0, 1) 98 (5) 88 (5) Milmal Higgs PLC New Ord 1p (FP/PAL -0508/97) - 1% (30.h/97) Margen Sindall PLC 9,825% Cnv Cum Red Pt £1 - 87"; (29.h/97) Margidow (A. 8, 4), Group PLC 7% Cum Pri £1 - 83 Ph.John Nacidow (A. S. J.) Group PLL / 2007 - 63 (30.)y37) Natural Power PLC ADR (4.1) - \$35 77 (10) 6 (10, 5) .1 (10) .15 (5) Natural Westmanster Bank PLC ADR (6-1) -82.74724138 3.125 Natural Westmanster Bank PLC 3% Ser ATNon-Cum Prf \$1 - 125 (30.)y37) Natural Westmanster Bank PLC 12*% Natural Westmanster Bank PLC 12*% Natural Westmanster Bank PLC 12*%

08/08/08 £1000 (Rg) - 94 (30.ly97) 4 (30.ly97) Northern Rock Building Society 12%% Perm Int Beaung Shis £1000 - 155%? 5 (23.ly97) CRIA PLC Ord 25p - 39 (50.ly97) Crange PLC ADR (5:1) - 17.05 (1) Paramount PLC Cam Sec Crar Red Pri Shis £1 - 88 (23.ly97) Paterson, Zochonis PLC 10% Cum Pri £1 -1275 (24.ly97) Pet Hidds PLC 5 25% (New Crar Com North

Peel Hidas PLC 5.25% (Net) Onv Cum Non.V

Francis Faces PLC by Intell Cam Chir Hed Ph 10p - 90 (Soly97) (80Ju97) Parriation & General Investmens PLC 91-%. Cum Red Ph 11: 1-92 (Saly97) PowerGen PLC ADR (4:1) - 48 (6:55 :2) Premier Famel PLC ADR (2:1) - 17 (24Jy97) Premier Famel PLC 89:20 Cum Chir Red Pri (Sistings Coupon) - 139 (30Jy97) % (30Jy97) % (30Jy97) % (30Jy97) % (30Jy97) % (30Jy97) % (30Jy97) Premier Famel PLC \$1.35 Cum Core Red Pri She 11: USS Corp. 1-12 (25Jy97) Premier Famel PLC \$1.35 Cum Core Red Pri She 11: USS Corp. 1-12 (25Jy97) Qualcaram PLC Crd IEPO 10 - 136 43 % (3Jy97) Read IElectronics PLC ADR (2.1) - 7.27 (3Jy97) Read Electronics PLC

(24,N97) Rols-Royce PLC ADR (5:1) - 18 77 (25,N97) Rogner PLC 111-% Cum Pri £1 - 126 (29,N97) (23.957)
Royal & Sun Alliance Ins Group PLC 7.25%
Chris Sub Bas 30/11.08 (1000 (Reg) - 128
(30.957) 9 (30.957) 30 (30.957)
Royal & Sun Alliance Ins Group PLC 7.4%
Curt Int PL St - 107+ (30.957) 5
(30.957) 1 (30.957) 2
(30.957)
8 (30.957)

*(1507)*1 *(1507

3 (201)(97) Tate 8 Lyle PLC ADR (4:1) - 27.563 (301)(97) .539 (301)(97) 861 (301)(97) 8.0415 Table 8 Lyne PLC Auth (1-1) - 27 June (2007) 11, 539 (304) 97) 851 (301) 97) 8.0415 (301) 97) Table 8 Lyne PLC 6+% (4.55% Plus Tar Cred) Cum Pri 51 - 80 (28.0) 97) Ted Baker PLC Ord 5p · 140 (25, 20) 2 (1, 2,

[30Jy97]
Town Centre Securities PLC 10174 1st May
Deb Six 2021 - 131.13 [30Jy97]
Unignar PLC ADR (1:11) - 8.94
Uniforer PLC ADR (4:1) - 116
Upon 8 Southern Holgs PLC Wits to Sub for
Ord - 3 (20Jy97)
Upton 8 Southern Holgs PLC 5p (Gross)
Curr Cric Reac Pref Six 500 - 105 (28Jy97)
Valus Group PLC 84% A'Curr Pri £1 - 7712
(28Jy97)
Valus Group PLC 84% A'Curr Pri £1 - 7712
(28Jy97)

Vaun Group PLC 9 % Deb S# 2015 - 122 4 (29Jy97) Vaun Group PLC 10 75% Deb S# 2019 -1359 (25Jy97) Videos PLC 9% Pri (Non-Cum) S# £1 - 57

(30)/97)
Widney PLC 7% Cum Pri £1 - 76 (28)/97)
Widney PLC 876% Cnv Cum Red 2nd Pri
2000 £1 - 75 (28)/97)
Williams PLC 102-5 Cum Pri £1 - 141
(28)/97)

Investment Trusts RPI-Lokd Deb Six 2007 - 103* (28Jy97) Bankers Inv Tst PLC 3.5% Cum Pri Six - 59 (30Jy97) Bankers Inv Tst PLC 8% Deb Six 2023 - 108

1401- (25,1y97) Edinburgh Inv Tsi PLC 7A-, Deb St 2022 -1051- (25,1y97) Edinburgh Small Companies Trust PLC 7A-, Deb Stk 2022 - 1051- (25,1y97) Engish & Scottish Investors PLC 1825p - 156 (20,1x97)

Reabourne Merin Life Sciences PLC Ord 25p - 111 (30Jy97) Scottish Eastern Inv Tst PLC 41% Com Pri 2024 - 112 s (30Jy97) Scottish Eastern Inv Tsi PLC 93/% Deb Sik 2020 - 125% (24)97)
Scottish Mortgage & Trust PLC 6-12% Stpd Int Det St. 2026 - 152% (25)97)
Scottish Mortgage & Trust PLC 6-12% Stpd Int Det St. 2026 - 152% (25)97)
Scottish Mortgage & Trust PLC 80%-14% Stepped Int Det St. 2020 - 171 (30Jy97)
Scottish National Trust PLC 10% Det St. 213/2011, 121% (26)4697) Shires Income PLC 11% Criv Uns Lt Sik

2002 - 121 (24Jy97) Threemoren Trust PLC 7 25% Chy Uns Ln Sit. 2003 - 97 (25)/97) Updown Investment Co PuC Ord 25p - 745 (28)/97) Value Realisation Trust PLC 1.4% Criv Urs

Alternative Investment Market Dathelih Inns PLC Ord 10p - 22 (25Jy97)
Fairplace Consulting PLG Ord 0.5p - 31/4
Fairtide Group PLC Ord £1 - 140 (inglisher Lessure PLC Ord 2p - 174 % (29Jv97)

NEWS DIGEST

NatWest opts for insider as chief executive

By John Gapper, Banking Editor

National Westminster Bank vesterday disappointed investors by making an insider chief executive of NatWest Markets, its investment banking arm, which is to be scaled back with the removal of its most profitable division.

NatWest shares closed 7p down at 859p after it emerged that Mr Chip Kruger, who has been co-

become chief executive despite the Owen, chief executive of NatWest of our businesses, and that is what culture" at NatWest Markets by bank's earlier decision to consider Markets, subsequently resigned. I intend to do," said Mr Wanless, developing a bonus scheme that outsiders.

The bank also confirmed that it is to establish a separate division for its treasury and foreign exchange arm, which has been the most profitable part of NatWest Markets. This could make it easier to sell NatWest Markets in future.

NatWest, which has been under intense pressure since a £77m loss due to options mis-pricing was discovered in March and Mr Martin will announce interim results pext

Although Mr Derek Wanless, the bank's chief executive, and Lord Alexander, chairman, have been privately criticised by investors, Mr Wanless insisted yesterday that he intended to stay to improve its profitability.

"I am absolutely intent on carrying on. We have to deliver our strategy of transforming a number

who admitted the options loss had "hit us at a bad time".

Mr Wanless said he had chosen Mr Kruger despite considering outside candidates because he had been impressed by Mr Kruger during a review of NatWest Markets. to non-UK companies. Analysis said NatWest may have had difficulty in attracting a

strong outsider. intended to create a "partnership

developing a bonus scheme that was based on share options, or an equivalent. NatWest's costs have been pushed up recently by cash

The bank announced a target of reducing substantially its lending

About £2bn of loans to companies in the UK will be moved out of NatWest Markets, and it will Mr Wanless said the bank cut overseas lending by a third

Hello to the appointment of Mr Chip

John Gapper discusses the split-up of NatWest Markets

Chip Kruger to head a diminished NatWest Markets did not inspire British investors yesterday. Shares in National Westminster Bank drifted downwards on confirmation of Nat-West's move to solit off its treasury operations, and place an insider in charge of

Mr Kruger, who joined NatWest Markets a year ago as co-head of Greenwich Capital Markets, a bond trading business which it bought for \$600m (£370m), has won respect inside the bank. However, it was immediately assumed that Nat-West had failed in a hunt for a powerful outsider to take on the challenge.

Furthermore, NatWest's announcement yesterday contained few surprises. Its decision to create a separate division for what is a powerful and profitable treasury arm, while splitting off parts of corporate lending, had emerged already. The plan was finally approved by its board on Thursday evening. One notable aspect of the

appointment is that an predecessor. "There are so this form of reward.

The appointment of Mr the divisions involved. Mr ous members of the manage-Alton Irby will head advities, Mr Gary Holloway fixed income bonds, and Mr Stephan Harris the treasury division, global financial markets.

Mr Kruger, 44, a US citizen of German ancestry, was educated and has worked largely in Connecticut. He has built a reputation for here, the more it became being accessible, energetic and intelligent in his short time at NatWest. He worked in money markets at Chemical Bank before joining Greenwich in 1983.

Yet the leap from co-heading a specialist bond trading side". Mr Kruger himself firm in Connecticut to running a global investment group had "grown very close rival Goldman Sachs is a large one. This is among the reasons why many analysts assumed that his appointment signals a diminishment of NatWest's ambitions.

One analyst questioned West chief executive. had not appointed Mr Kruger immediately after the departure of Mr Martin Owen, his many questions about vari-

ment now that they probably sory, Mr Tom Whelan equi- had to answer one," he said. Mr Wanless, who has headed NatWest Markets as well as the hank since Mr

Owen's departure after a £77m loss because of options mis-pricing, said the choice of Mr Kruger stemmed from what he had observed. "The more I worked with the team clear Chip should be in charge," he said. He said teamwork between

Mr Kruger, Mr Irby and Mr Whelan was "a major plus. and not something that could be replaced from outsaid the senior management bank that has an ambition to over the past few months, which hodes well for the future of NatWest Markets". One way in which Mr Kru-

ger will attempt to reinforce this message is by developing a form of share option or ownership scheme within why Mr Derek Wanless, Nat- the investment bank. He argues that investment banks such as Morgan Stanley have been able to encourage greater teamwork with

However, making NatWest and the two advisory arms,

Markets contribute more to task. Mr Kruger said the businesses within NatWest Markets are "clearly less developed" than in the trea-"We have created a sury. more traditional-looking investment bank, which we can now focus our efforts on," he said.

Part of the effort will be a sharp reduction in the level of traditional bank lending done by NatWest Markets. About £2bn of loans are being moved into the commercial bank, and NatWest has set a target of reducing the £31bn left in the investment bank by £10bn within two years.

However, the businesses within NatWest Markets will have to be worked harder to replace the steady flow of trading profits produced by treasury operations. Although the oldest part of the operation - the former Wood Mackenzie brokerage - has a strong reputation, its profits are limited. That leaves largely

operations that have been acquired in the past two years, including Greenwich,

In Europe, operating prof-

its before exceptional items

rose from £385m to £484m in

the quarter, helped by lower

pension costs and the

absence of any charge for

increased from 9.5 to 12 per



Chip Kruger: has won respect inside the bank

and the former Hambro harder. The widespread Magan. Shorn of the trading profits, NatWest Markets will instead have to gain more debt and equity under-

However, the fact that it is

Gleacher NatWest in the US tiny may make its task even now that NatWest Markets could eventually be merged with another investment

bank or sold off. That is hardly likely to help Mr Kru-Corporate **Services**

to £9m

A steady rise in demand for contract labour pushed up interim pre-tax profits at Corporate Services Group, the UK contract labour and training services

сопрапу. The company, shares in which fell earlier this year policy, said pre-tax profits for the six months to June 30 more than doubled from £4m to £8.95m (\$14.6m) on an 88 per cent rise in turn-

over to £176m. Acquisitions accounted for £1.5m of the profits.

Mr Jeffrey Fowler, executive chairman, said the profit rise reflected a fundamental change in corporate hiring policies. "People can no longer afford to have employees on standby at a fixed cost."

He said demand for information technology contract workers and qualified doctors was robust, and during the first six months the company had won contracts from Sony UK, Panasonic, the Environment Agency and the Queens Medical

Ceptre. Turnover of the employment division rose 24 per cent to £69.4m.

Operating profits rose from £3.6m to £8.3m, raising margins from 4.1 per cent to

An increase in value of government funded contracts awarded by training and enterprise councils helped turnover in the training division rise 16 per

Operating profits rose from to £656,000, compared with a previous £520,000 increasing margins from 6.4 per cent to 6.9 per cent. company has

launched a personal pension plan with Prudential Corporation for contracted and temporary workers. Earnings per share rose to 3.68p (2.3p), while the

interim dividend is set at 2.7p (2p).
The shares, which hit a high of 236p in February,

closed up 5½p yesterday at

BPB, the plasterboard manufacturer, yesterday said the strength of sterling would knock £20m from this year's profits rather than the £15m forecast when the company announced its results in June. However, Mr Alan Turner, chairman, said that strong growth in volumes of sales achieved in the year to March 31 had continued into the first quarter of the new finan-

> the increased impact of currency had been expected following the further rise in the value of sterling in recent Last year's pre-tax profits of £178.4m were reduced by £10m because of currency moves. The company said the impact was almost entirely because of translation of prof-

cial year. The shares fell 6%p to 329p, but analysis said

BPB puts £20m

cost on sterling

its back to the UK as it tended to produce locally. More than 75 per cent of its sales are outside the UK The company said it was also considering paying its dividend in future as a foreign income dividend follow

Budget tax changes, but said last year's final dividend would not be affected. FIDs, which allow companies to reclaim any surplus ACT paid on overseas earnings, have become increasingly

popular recently, with several multinational compani leciding to pay their dividends in this way. Roger Taplo

Troubled broker bought

WH Ireland, a Manchester-based stockbroker, announced that it has acquired the assets and business of John Siddall, the troubled stockbroker which was ordered to cease trading by the Securities and Futures Authority last

Ireland refused to disclose the price paid, but said it had bought only business assets of Siddalls and not its liabil-

Siddalls, also based in Manchester, was ordered by the SFA to transfer its clients to another firm after the regulator deemed that its financial resources were insig-

Siddalls was also reprimanded by the SFA over inside dealing in Anglia Television in 1994. Mr Gregory Banks, a senior director, and Mr Stephen Alexander, the firm's senior executive officer, were both expelled from the SFA's register of directors.

Yesterday's acquisition will increase ireland's funds under management from £17m to £50m. Ireland, which has 6,000 clients, said it would try to ensure a smooth transition for Siddalls' 7,000 clients. Siddalls' London office and other regional offices will be retained, although the Manchester headquarters of the two brokers will be

Paramount ends Kent talks

Paramount, which was known as Canadian Pizza until last month, yesterday terminated talks with Mr Harry Kent, the Salford baker who founded the company in 1985. The Kent family, which still has more than 17 per cent of the shares, confirmed that it was behind the "tentative approach" announced by Paramount in May. The Kent consortium, backed by venture capitalists and hanks, had tried to get sufficient information to mount a bid, but this had not been forthcoming.

However, Mr Peter Woodall, Paramount chief executive, said the group had offered more information than it was obliged to. "To do more than this would put us at commercial risk and is not in our shareholders' interests." Paramount, which said that the information had been available since June 4, also said it was no longer in talks with any other potential trade buyers.

The shares - 200p when the group came to market in David Blackwell 1993 – closed 2p down at 82%p.

ne Neatt

Caverdale advances 20%

Caverdale, the motor retailer, industrial products and motorcycle accessories group, lifted interim pre-tax profits by 20 per cent to £3.13m, on turnover 6 per cent higher at £129.8m

mance from the motor retailing side in the August trad ing period. He said that a number of managerial changes and a summer sales campaign meant "the third quarte performance should be substantially ahead of our earlies expectations"

Motor retail operating profits were marginally lower at £2.88m (£2.91m) in the six months to June 30 although after allowing for reorganisation charges and increased computer systems costs, the figure would have been 13 per cent higher at £3.28m. The industrial products and accessories side produced an 85 per cent increase to £1.6m.

Dresdner Kleinwort Benson, the house broker, matt tained forecast pre-tax profits at £7m (£5.4m) for 1997 but said the benefit of a series of bolt-on acquisitions would show through in upgraded 1998 profits of 28.8m, giving a forward multiple of 5.7 on yesterday's share price of 126% n. un 6% n.

Penguin deal with Red Storm

Penguin Group, the publishing arm of Pearson, yesterday announced a strategic agreement with Red Storm Entertainment, a multimedia company founded by Tom Clancy the best-selling author, and Virtus Corporation, a 8-D multimedia company. Terms of the deal were not dis-

Red Storm, Penguin and other Pearson subsidiaries will start marketing online games in the autumn. Tom Clancy's long-time US publisher, Putnam Berkley, now owned by Penguin, will obtain the global English language rights to two novels as part of the agreement. Trucy Corrigo

■ DEWHIRST GROUP, the Marks and Spencer clothic supplier, yesterday issued a statement explaining its chairman's decision to substantially reduce his stake in the company. Mr Timothy Dewhirst's interest was reduced by 177,487 "following his recent divorce", it said. At yesterday's closing price of 218%p, these shares were worth more than £387,000. RPS GROUP: Despite a slow second quarter, the envi

ronmental consultancy raised pre-tax profits 18 per cent to £1.76m in the first half of 1997. Turnover rose by 6 Pc cent to £9.92m, while operating margins increased from 15.8 per cent to 17 per cent. Mr Alan Hearns, chief executive, said BAK, the recent Dutch acquisition, had bedded in well and new markets such as due diffgence were

WASTE MANAGEMENT International has sold its S per cent stake in Ingenieria Orbana (Innsa) to Seguns Servicios Generales de Medio Ambiente for Ping Schu (£9.9m). Segema, part of Compania Espanola de Servicio Publico Auxiliaries, the Spanish waste services group had previously acquired 40 per cent of hinsa from Argen-taria in June. Following the sale, WMI will have no remaining operations in Spain.

FTSE Actua	rtes G	iovł Si	scurit	ies –						::				K in	
Price Indices UK Gitts	Thu Jul 31	Day's change %	Wed Jul 30	Accrued Interest	xdad). ytd		Low Jul 31	Jul 30	yield Yr. ago	- Medic Jul 31	art 30	on yield Yr. age	High Jul 31	Jul 30	o piedo Yr. er
1 Up to 5 years (20) 2 5-15 years (20)	119.68 153.29	-0.05 -0.28	120.02 153.73	2.27 2.38	6.38 7.01	5 yrs 15 yrs	6.99 6.95	6.95 6.89	7.24 8.08	7.07 6.96	7.03		7.12 7.07	7.09 7.02	7.30 8.16
3 Over 15 years (6)	184,74	-0.43	185.53	6.49	5.80	20 yrs	6.95	6.89	8.18	6.91	6.86	8.16	7.05	7.00	8.24
4 Irredeemables (5) 5 All stocks (51)	215.65 147.98	-0.30 -0.23	216.30 148.44	2.40 3.11	6.36 6.70	ined.†	6.99	6.97	8.27	. · .		·	د با الله الله الله الله الله الله الله ا		
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6 Up to 5 years (2)	208.20	-0.04	206.29	2.02	3.03	Up to 5 yrs			t - 2.56			9 25	7 .0.9		Σ.
7 Over 5 years (10) 8 All stocks (12)	200.77 200.26	-0.18 -0.17	201.14 200.60	1.23 1.31	3.96 3.85	Over 5 yrs	3.5	3 3.5	2 3,76		33	9 93	1 8.50		

1

posals, including the sale of Sales were 3 per cent alisation of the portfolio. the UK-based John West While profits growth would higher at £16.8bn for the six Foods business to HJ Heinz. months, including a rise of the US foods group, in Jane. be "less buoyant, profit just 1 per cent to £8.83bn in improvement for the full This compared with £91m of The shares responded with charges last time.

Unilever, the Anglo-Dutch consumer products group, yesterday unveiled second quarter results ahead of market expectations.

a gain of 521/2p to £18.211/2p. A 4-for-1 share split is proposed to improve liquidity. The sale in May of its speciality chemicals division to

profits of £4.4bn for the half-

year to June 30, compared

with £1.11bn. profit on the deal, profits

Colt deal

Telecom

By Virginia Marsh

with France

Mr Larry Ingeneri, Colt's

chief financial operator, said

the agreement, reached after

several months of talks with

France Telecom, meant the

company would be well posi-

tioned ahead of telecoms lib-

eralisation in the European

the stock from 370p to 420p.

provide cut-price telecoms

services to businesses in the

City of London. It launched

services in the Paris area in

June, after building a fibre

optic network covering the

main commercial areas. It

already has access to the

France Telecom network but

not on an interconnect rate

RESULTS

Colt was set up in 1993 to

Union from next year.

£1.37bn in the half, with the likely to remain modest in efited from £3m net excepsecond-quarter outcome up 37 per cent at £836m.

the second quarter.

Analysts said the result reflected the benefits of the past couple of years of restructuring, which has seen underperforming and ICI left Unilever with pre-tax low margin activities weeded out. But the weak sales line Excluding the £3.02bn in France and Germany. Mr Niall FitzGerald, chair-

man, said sales growth was

the second half, partly tional credits following disbecause of continuing rationyear should be satisfactory". The group took a £50m hit

Refocused Unilever beats estimates

from the strong pound in the quarter, taking the total currency effect for the year so far to £70m. Analysts estimated that currency factors would cost it about £300m in BSE. But while margins showed that growth was dif- the full year, leaving foreprofit on the ICI deal. As well as the gain on the

ficult to achieve, particularly casts at £2.75bn, excluding cent, sales were flat at just over £4bn. North American sales sed to £1.48bn following

disposals. Operating profits improved from £86m to £100m. Asia Pacific profits rose from £82m to £105m in spite of higher investment and marketing costs, but Latin American profits fell to £70m (£81m).

Discontinued operations mainly the specialty chemicals division - accounted for £84m of profits and £714m of sales in the quarter. The ICI deal left the group with £2.8hn of cash at the end of the period, compared with gearing of 35 per cent at the same stage last year.

Earnings per share were

BPP shakes off strong

and training group, shook off the impact of a strong pound yesterday, reporting interim profits before tax and exceptionals up 22 per cent to £5.4m

Linguarama its language training business which has 40 schools across Europe, pushed up profits 60 per cent to £1m, despite sterling's 20 per cent appreciation over the past year. "The analysts thought we were going to be murdered by sterling, but we've delivered a turnround

at Linguarama through improved systems and course material," said Mr Richard Price, chairman. open an experimental After a £2.9m exceptional loss on disposal, pre-tax profits were £2.55m (£4.56m) on

turnover of £38.1m (£35.3m). BPP's largest division professional training - lifted profits by 35 per cent to £2.7m, thanks to the buoyant recruitment market. The company has expanded from its core accountancy and actuarial courses to training for law and financial ser-

vices qualifications.

The publishing division

had a difficult half-year,

reporting a fall in profits

from £1.24m to £1.1m, which

it blamed in part on a trou-

The shares closed up 10p

at 427%p. Earnings per share

before exceptionals were 13p (10.5p): the interim dividend

bled patch for retailers.

together they have started saying: 'We are surprised you haven't put the brands

Lloyds TSB aiming at acquisitions overseas

By George Graham, Sanking Correspondent

Colt Telecom Group has become only the second tele-Lloyds TSB announced communications provider to yesterday that it may use its sign an interconnect agree-£1bn (\$1.63bn) a year of surment giving it access to plus cashto make acquisi-France Telecom's national tions overseas, marking a potential change of strategy.

Lloyds, which has turned itself into one of the world's most highly valued banks by pulling back from overseas ventures and investment banking, reported a rise in first-quarter pre-tax profits of one-third to £1.5bn. Investors welcomed a 26

The shares rose 13p to per cent increase in the 367½p, against a flotation interim dividend to 5.3p as price of 275p last December. the shares rose 9 per cent to close at 736p. Mr Paul Marsch, of Morgan Stanley, said he had upgraded his valuation of

executive, said that although Lloyds was still looking at possible acquisitions of banks, building societies and insurers in the UK, it was now so big it was running be a limit to expansion in the UK, simply because of the regulatory forces, so we are exploring other parts of the world," he said.

and Brazil, it remains cautious about continental Europe. A first acquisition would offer few savings as continental banking markets mostly offer lower margins than the UK.

Sir Brian Pitman, who led Lloyds into the takeover of Cheltenham & Gloucester building society and its merger with TSB, and is now group chairman, said he would prefer further acquisitions as a way of using up surplus cash.

For the first time, however, the group may have to return cash it could not use to shareholders by buying back its shares, as Barclays Mr Peter Ellwood, chief and National Westminster have done.

"We are not going to buy things for the sake of buying things or just to get bigger, he said. "We would prefer to find opportunities to invest, into competition problems in but if we cannot do that, we several areas. "There has to will have to distribute more to shareholders."

Lloyds' share price has risen nearly 70 per cent this year, outpacing other banks and the rest of the UK stock Although Lloyds has market. The unexpectedly

pound operations in New Zealand large increase in its dividend vesterday was viewed by investors as a signal of confi-BPP Holdings, the education dence in its prospects.

Its post-tax return on equity of 40.4 per cent in the first six months of the year has set a new benchmark for banks, which have historically reckoned they were doing well to return an average of 17 per cent during the course of an economic cycle. Total income rose 7 per cent to £3.59hn, while costs

fell 4 per cent to £1.85bn as the group achieved some of the £400m annual savings it expects from merging the Lloyds and TSB banks. The bank, which until now has kept Lloyds and TSB bank branches separate, is to

branch in Salisbury with the ioint brand name. Mr Ellwood said that when the two banks merged in 1995, customers were adamant that they wanted their banks to keep their own identities. But "over the 18 months we have been

	Turnos	er (Em)		e-tax K_(Em)_	84	5 (p)	Corrent payment (p)	Date of payment	Dividends · Comsposting (Millend)	Total for year	Total i
Minican Lakes 6 miths to Mar 31	9.31	(15)	0.256L	(0.4571.*)	5L	(7L)	πil		mi	115	nali
IPP	38.1	(35.3)	2.55	(4.56)	2	(10.5)	5	Oct 30	4	-	13
laverdate 6 mths to June 30	129.8	(122.6)	3.13	(2.61)	8.6	(7.6)	1.8	Oct 1	1.6	-	3.6
corporate Services. 6 mths to June 30*	176.1	(93.8)	7.71	(3.38)	3.68†	(2.3)	2.7	Oct 31	2	-	5
reggs24 wks to June 14	117.5	(105.)	5.28	(4.26)	<u> 32.</u> 7	(25.2)	1 1	Oct 10	9	-	32
Prosvenor Land 💠 8 mths to Mar 25	0.239🗆	(-)	0.056L.	(-)	0.38L	(-)	-	-	-	-	-
loyds TSB 6 mths to June 30	-	(-)	1,446	(1,130 4)	20.4	(13.7)	5.3	Oct 10	4.2	-	13.
remier Health	5.7	(5.88)	1.12L	(1.1♥)	14.7	(15.1)	-	-	-	-	-
P\$ 6 mths to June 30	9.92	(9.32)	1.76	(1.5)	6.1†	(5.3)	23	Oct 23	1.85	-	4
nilever 6 miths to June 30	16,818	(16,314)	4,396	(1,112 ♠)	150.19	(36.5)	•	-	-	-	32.0
vestment Trusts	MAT	f (p)_		estable gs (Em)	<u>84</u>	(p)	Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total yea
nglo & Overseas 6 mths to June 30	661	(588.9)	6.7	(6.43)	5.87	(5.63)	2*	Sept 16	1.9大	-	9.5
ontinental Assetz 6 mins to June 30	287.73	(245.27§)	0.414	(0.478)	1.7	(2.11)	-	-	• • • • • • • • • • • • • • • • • • • •	-	3
leming Emerging Yr io June 30	192.9	(168,1)	0.856	(1.1)	0.88	(1.14)	0.4	Oct 17	0.24	0.4	0.2
eming E'prise	282.4	(279.2	2.69	(3.92 j	6.71	(9.8 j	3.75	Oct 14	3.75	5.3	5.3
eraid6 miths to June 30		(156.89§)	0.596	(0.467)	0.72	(0.64)		-	-	-	8.0
F Second Uttilities 6 mins to June 30	123.78	(B4.5)	1.16	(0.836)	3.99	(2.88)	1.85‡	Oct 15	1.72	-	7.

COMPANIES AND FINANCE

JGUST 2/AUGUST;

nanufacturer, vesterts and knock 220m from the C15m forecast when the to Ther, chairman, and the teles achieved in the year at the first quarter of the last all 64 to 320 bit and in the value of sterior in the value of sterior at the value of \$178.40 to \$178.40

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ends Kent talk

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तामी १४. की किए तथा है। Borrows, the house has notis at an exert The of botton aspired THE LAND STOCKS WERE The Artist and Spirit Share

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uts £20 Endesa to buy Chile power group

By Tom Buros in Madrid

Endesa, the main Spanish power group which plans a record market Peru, which are also the target areas flotation after the summer, yesterday reached agreement to buy the biggest privately owned electricity company in Latin America.

The Spanish group, which is 66 per cent state owned, said it would pay \$1 5bm for control of Enersis of Chile. The agreement creates a joint venture 55 per cent owned by Endesa bid in future utility privatisations in Enersis and Chispa shareholders up

ator and distributor in Chile and has expanded into Argentina, Brazil and of the Spanish utility's investment drive in Latin America. With the acquisition of Enersis, Endesa raises its client base from 145m to 18m and its installed capacity from 26,562MW

to 33,644MW. Endesa has told the Madrid stock market regulator that its deal with Enersis hinges on agreed takeover bids for five holding companies makes the Spanish group the largest known as Chispas - which are listed foreign electricity operator in Latin in Santiago and together control 29 America It provides Endesa with a per cent of Enersis. Sepi, the state platform to develop its interests in holding company which owns the

to 5 per cent of Endesa's shares in

ean group.

The deal follows months of negotiations and is the utility's second big acquisition in less than a month. In July, a consortium led by Endesa and Stet, the Italian operator, secured control of Retevisión, Spain's second fixed-line telephone company.

The power group's expansion of its core business into Latin America and its diversification into the telecoms sector comes ahead of the sale of about half of Sepi's 66 per cent stake in the company.

The issue, which is scheduled for October, is expected to raise some Latin America and gives it muscle to bulk of Endesa's stock, will offer \$6.4bn, nearly double the amount previously realised by a Spanish pri-

exchange for their equity in the Chil- • The Spanish government has moved quickly to complete the privatisation of Corporación Siderúrgica Integral (CSI), the last big steel company in state hands in western

> AIE, the state holding company, yesterday named SBC Warburg as global co-ordinator for the sale of between 51 and 65 per cent of CSI, in a deal expected to be valued at \$1.6bn. It follows the sale earlier this week of 35 per cent of the steel company to Arbed of Luxembourg in an all-share transaction valued at

Europe, writes Vincent Boland.

Pta129.2bn (\$883m). BBV Interactivos and BCH Banco de Inversiones were named as global co-ordinators for the domestic tranche. The deal is expected to be completed this autumn.

reshape the Washlet.

tinue growing.

The result was Zoe, a rela-

tively basic toilet seat with

heating and bidet, retailing

at about \$600. Sales in the

US have reached several

hundred a month and Toto

expects the market to con-

Elsewhere in the world

domestic Japanese version.

Washlet-free: only the Swiss

have shown any enthusiasm

- but Toto says interest has

The Washlet has probably

now reached functional

maturity, says Toto. But the

evolution of toilet technol-

ogy has not stopped.

Battery-operated travel

Washlet seats are now

available, which fit neatly

into a handbag, and Toto

plans to launch a toilet

which carries out medical

tests, such as for sugar in

And the delicate sensibili-

ties of Japanese women have

already led to high sales for

when a button is pressed

the urine.

been expressed in the UK.

Donna Karan steps up revamp

By Tracy Corrigan

Donna Karan International, the designer clothes company, has warned of further financial problems and extended its management reshuffle in an attempt to tackle deepening losses.

On Monday, Ms Donna Karan. the designer who founded the company, stepped down as chief executive officer, handing the role to Mr John Idol from rival Polo Ralph Lauren. She remains chairman and chief designer.

Late on Thursday, it accompanied dismal secondquarter results with the warning that full-year performance would be "below expectations". It also announced the resignation of Mr Stephen Ruzow, president and chief operating officer.

In the second quarter, net losses were \$14.7m, or 68 cents per share, compared with a loss of \$4.2m or 19 cents a year ago.

The company said the customers are offered the results reflected "the difficult retail environment, par-Europe is as yet virtually ticularly in the domestic bridge segment of the market". The "bridge" segment is the company's DKNY label, which is less expen-

sive than its designer label. The company also attributed the weaker performance to charges associated with restructuring announced in May, the beauty division's disappoint-

ing performance and continued investment in infrastructure to support growth. Ms Karan said the company was "extremely disappointed" with second-quarter results, but said it had

taken "decisive action" in

an electronic device for use appointing Mr Idol. The new team would "crein public toilets: Toto's ate a new comprehensive "Sound Princess", which, strategic plan to build upon the company's current strengths, improve its performance and further enhance our premier Donna Karan New York and DKNY Bethan Hutton | brands".

KLM closer to Alitalia deal

By Gordon Cramb in Amsterdam

KLM said yesterday it was in "gradually more concrete" talks with Alitalia about bringing the Italian state-Northwest Airlines of the

Mr Pieter Bouw, KLM president, told the NRC Handelsblad Dutch evening newspaper that talks were not vet detailed, but had been going on for 18 months. His comments come two days after KLM and Northwest renewed their troubled eight-year alliance and ahead of Mr Bouw's departure from the top job at the annual meeting on Tuesday. KLM has long made known its wish to secure a partner to help lift its passenger market share in Europe from 7 per cent. Alit-

alia, which is emerging from

a restructuring, had made

clear its interest. Mr Gian Maria Gros-

state holding company which controls Alitalia, said this week that KLM and Air France were in "pole position" for a link-up, and a Dutch partner made better controlled airline into the sense because the distance partnership between the between the hubs of Milan Dutch flag carrier and and Amsterdam meant less overlap.

KLM and Northwest also considered Iberia of Spain. which is likely instead to join the big alliance planned by British Airways and American Airlines.

"Then we have Swissair, which I would find a very attractive partner, but which now has an alliance with Delta of the US." Mr Bouw said.

On Wednesday, KLM and Northwest opened the way to a tie-up by agreeing to unwind equity links, settling a legal dispute over control. They extended their operational alliance, until now focused on transatlantic passenger routes, to include flights serving Canada.

Bic balked on Sheaffer deal

By Katharine Campbell, **Growing Business**

Plans by Bic of France to purchase Sheaffer, the US fountain pen group, have been put in doubt by a likely management buy-out led by top Sheaffer executives.

Mr Martin Bolland, partner at Alchemy, a UK private equity boutique that would take a majority stake in the buy-out company, said yesterday: "Our view, and that of management, is that there is a high probability they will exercise their right of first refusal over a sale."

Mr Owen Jones, chief executive, and Mr Shane Dolohanty, chief financial officer, were only yesterday given Bic's acquisition plans. despite an announcement on Mr Bolland.

Thursday. Sheaffer has been put up for sale by its ultimate parent. Gefinor. a Luxembourg merchant bank.

A right of refusal clause was included in a package of incentives granted to Mr Jones and Mr Dolohanty. who were recruited by Sheaffer three years ago from its rival, Parker Pen.

"We would expect to win by matching the exact terms [of the Bic agreement]," Mr Bolland said. No price has been disclosed, but it is understood to be significantly less than Sheaffer's annual sales of \$50m.

Alchemy believes Bic would have no option to return with a higher offer. 'We understand this is a true right of refusal, not some sort of auction," said

Japan's Toto is seeking success in export markets - with the electronic toilet seat The Japanese passion for hygiene and electronic gadgetry has found an outlet in a singular

Hi-tech answer to the call of nature

area: high-tech toilets. Best-selling models have a

built-in bidet function, with a hot-air dryer, heated seat and an ozone deodoriser. The attached control panel might look more at home on a microwave oven than in a bathroom. The market leader is Toto. the world's largest plumbing

manufacturer, which has been making high-tech toilet seats called "Washlets" - or Warmlets for the simpler versions which just have a heated seat - since 1980. Toto is trying to bring the joys of the Washlet to the

wider world. Exports started in 1990, mainly to Japan's neighbours in Asia and to the US. Sales in Asia have been steady and the first overseas Washlet factory is due to open in Malaysia next year. However, apart from Switzerland and an approach found Europe a hard market

Many visitors to Japan remember their first encounter with a Washlet with some embarrassment: unable to read the instructions in Japanese, they either press the wrong button and are drenched in pulsating warm water, or dare

not press anything and so leave the toilet unflushed. Most foreigners see the Washlet as the epitome of Japanese inventiveness. In from the UK - Toto has fact, the original high-tech toilet was a IIS invention. the Washair Seat, made

ROBER BENLE

company. Toto introduced its own version in 1969 and since then has developed its expertise in "aqua-electronics": the application of microchip technology to plumbing.

with a microcomputer which temperature, water pressure and the automatic deodorising system.

by the American Bidet the Neorest Ex Mark II -Each Washlet is fitted retails for Y437,000.

controls water, air and seat devotion to cleanliness that made by other companies.

uch high-tech hygiene does not come cheap. The most basic Washlet seat, with no deodorising or drying function, will cost at least Y74,000 (\$625). The most advanced complete toilet, with a full range of Washlet functions built-in -

It says much for Japanese more than 30 per cent of the country's households have Washlets, or similar devices Although Washlets

account for only about 10 per cent of Toto's business, strong sales in this area helped the company to net profits of Y11.9bn last

Local Year DM Currency 52 week 52 week ago

When it came to exports, however, Toto found that its models did not suit American tastes, so it called in an

plays the sound of a flushing toilet - to cover any embarrassing sounds the user might make herself.

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Birmingham Midshires		Pirst Class Instant Access	İnstant	£100,000	6.60	5.28	Postal account - New accounts opened as deposits
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iradiord & Bingley Belldir	u Society	Borus 120 Account	120 days	5.000	6.50	520	includes bonus imprest of 0.75% grozs, p.a.
8888) 592588	-	Sonus 120 Account	120 days	30,000	6.60	5.28	for one or less withdrawal in a year.
enry.brailford-bingley.co.u	k	Bonus 120 Account	120 days	50,000	6.75	5.40	Monthly interest available.
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FT/S&P ACTUARIES WORLD INDICES

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Minister orders monopolies investigation

Inquiry into PacifiCorp bid for UK power group

By Simon Holberton and Stefan Wagstyl in London

The £3.65bn (\$5.94bn) bid by PacifiCorp of the US for Energy Group, the UK-based energy company, was referred to the Monopolies and Mergers Commission yesterday by Mrs Margaret Beckett, trade and industry secretary, in a move

that surprised investors. Acting against the advice of the Office of Fair Trading and Offer, the electricity regulator, Mrs Beckett said she was intervening out of concern about the UK authorities' ability to regulate Energy Group

after the takeover. Energy Group owns an electricity distribution company and considerable UK generating capacity. It is the first commission reference of a bid in the electricity industry for reasons other than competition.

PacifiCorp's bid lapses automatically, and the decision effectively puts on hold bid activity among UK utilities

Energy Group's shares fell reference was warranted. 27p to 624p compared with PacifiCorp's offer of 690p. One industry observer said: "Investors are deeply disappointed by a political decision that lacks a clear rationale."

Mrs Beckett's intervention follows other controversial decisions affecting corporate activity, including the ban she imposed on Bass's proposed takeover of rival brewer Carlsberg-Tetley, and the referral to the commission of the bid from National Express, the coach operator, for the ScotRail and Central Trains franchises.

Mrs Beckett said yesterday she was concerned about the ability of UK regulators to maintain "adequate regulatory control" over Energy Group once it was absorbed by a PacifiCorp, an Oregon-based multinational utility.

She said the electricity supply industry was of "fundamental importance to the UK

public interest" dictated that a Energy Group owns Eastern Group in the UK, which is the

country's third-biggest fossil fuel electricity generator. It also owns Peabody Coal in the US. Energy Group was demerged from Hanson in Mr Derek Bonham, chairman

of Energy Group, said he was "surprised and disappointed" by Mrs Beckett's decision. "Over 61 per cent of our shareholders have already demonstrated their support for this transaction," he said.

A PacifiCorp financial adviser said the US utility would wait until the outcome of the inquiry before it made a decision to rebid for Energy Group. He said the US utility would co-operate with the inquiry. It was unclear how broad the MMC inquiry will be. Mrs Beckett has asked for a report by November 21.

Alphatec's finance chief quits 'doomed' Thai group

By Ted Bardacke in Bangkok

Mr Leslie Merszei, chief financial officer of the Alphatec Group, resigned yesterday. saying the embattled Thai electronics group would be "impossible to save".

Alphatec, which builds integrated circuits and accounts for nearly 1 per cent of Thailand's exports, has missed a \$43.6m payment on a eurobond and a \$35m payment to a syndicate of international banks. Mr Merszei claimed factions

of the board of directors of subsidiary Alphatec Electronics had prevented him from nutting together a viable rehabilitation plan. His resignation comes just days ahead of Wednesday's bondholders' meeting to be held in Zurich. Holders of the eurobond will decide at the meeting whether to put the company into represented on the board, first

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default, which would make its

entire \$450m debt come due. Earlier this week. Alphatec said an independent audit mandated by creditors had uncovered Bt10bn (\$312m) in "improper transactions" which overstated profits for several years. This led to the resignation of Mr Charn Uswachoke, the group's founder, who had hoped to turn it into one of the world's leading semiconductor

manufacturers. Mr Merszei had been installed by Mr Charn three months ago at the urging of foreign creditors. He convinced them not to call a default, arguing that, with a viable rehabilitation plan in place, they would eventually recover their money. Calling a default could result in the collapse of the company, leaving Thai

secured creditors, who are

Lloyds TSB

NatWest

PacifiCom

Siddall (John)

Virgin Atlantic

WS Atkins

Orange

Corporate Services 22

Cubic

EDS

ICL

France Telecom

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22

in line to recover assets. In an open letter to creditors yesterday, Mr Merszel said: Certain directors who are also large secured creditors have an inherent conflict of interest. They have put their own selfinterests before those of shareholders, creditors, employees and customers."

Alphatec executives said that, in spite of Mr Merszei's resignation, a draft restructuring plan would still be presented to bondholders under which they would be asked to delay payment for three years. But bankers said they had not seen a rehabilitation plan.

Alphatec Electronics no longer has a chief financial officer. Seven employees in the finance division were suspended following the audit and the discovery of evidence that potentially incriminating

Computer trading on the Tokyo

By Gwen Robinson in Tokyo

Disarray descended on Japan's equity market yesterday as the Tokyo Stock Exchange suspended transactions in all 1,702 issues linked to its computerised trading system fol-

Morning trading was limited to just 150 leading stocks

Trading was also suspended efore the market opened.

vorse time for an electronic disaster. The recent scandal

The TSE is not only trying wooing large financial institutions and brokers with prom-

has suspended operations due

But yesterday horrified investors saw the crash of the electronic trading system which connects the TSE's host computer with member brokers. An emergency backup system also failed.

to 123m shares - about half the average level in recent morning sessions. After full trading resumed at 12.30pm, stocks plunged 2.6 per cent on heavy selling linked to the morning slide in Nikkei 225 index futures on the Osaka Stock Exchange.

crash halts exchange

lowing a mysterious break-

that are handled manually by floor traders.

in 724 convertible bonds and some individual stock options, the underlying cash stocks of which were affected by the system failure, discovered just There could hardly be a

over cosy links between Japan's leading securities houses and corporate racketeers has driven many individnal investors away from the equity market. to lure them back but is also

ises of greater efficiency ahead of the government's "big bang" programme of financial deregulation. It was the first time since the introduction of the on-line system in 1982 that the TSE

to computer problems. In 1990, faulty telecommunications cables halted computerised trading for 45 minutes.

Morning trading volume slid

World stocks, Page 21

Markets latest (-8.2)E STERLING FTSE Eurotop 300 **996.2** 2,291.97 1,837 3,0394 10,2471 2,4891 193,258 105,3 (-90.12) (-12.2) II LONDON MONEY £ Index Little long gift fut DOLLAR E US LUNCHTIME RATES 118.15 (1.8388) (8.1925) (1.5121) (118.40) (105.8)

FT WEATHER GUIDE **Europe today** Eastern Europe will be unsettled. with rain and heavy thundery showers. Germany, the Benelux, Denmark and southern Scandinavia will be cloudy with rain or drizzle, but it will become brighter in the north-west later. Austria and Switzerland will have sunny spells. with the chance of a few showers. Northern Sweden and Finland will be dry and mainly sunny. Northern France will be cloudy with rain at first, but the rest of France and Italy will be dry with warm sunshine. Iberia and the Mediterranean will be hot and sunny, with isolated showers over Spain and Turkey. Five-day forecast High pressure will bring fine 30 . conditions to most of northern Europe. North and west Norway will have some rain. Rain in eastern Europe will be replaced by drier and summier conditions. The Mediterranean will stay hot and

heavy thunderstorms. TODAY'S TEMPERATURES Fair 32 Cloudy 21 Sun 27 Fair 31 Rain 23 Fair 35 Shower 34 Sun 41 Fair 20 Fair 25 Fair 19 Caracas Carolff Casablas Chicago Cologne Dakar Dallas Dallas Dubal Dubal Dubal Rain 30 Drzzi 12 Fair 26 Sun 31 Sun 22 Fair 32 Cloudy 31 Rain 23 Fair 30 Sun 31 Fair 30 Sun 31 Shower 27 Fero
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Labour's power play

from the rhetoric of opposition to the realities of power in one bound. In opposition, Mrs Margaret Beckett scored points claiming the previous UK government approved US bids for British utilities without proper examination. So now the industry secretary could scarcely wave through PacifiCorp's bid for Energy Group. It seems unlikely she actually wants to block the bid. But how convenient to kick the matter into touch at the Monopolies and Mergers Commission.

The snag is not only that such a ploy is a slap in the face for Mr Stephen Littlechild, the electricity regulator, who was happy for the bid to proceed with conditions, but that transferring the investigation from a specialist body to a Jack-of-all-trades adds an element of unpredictability. While there is no real basis to stop the bid, the commission could tinker with Mr Littlechild's regime for ring-fencing utilities from other businesses within the same group. The regime governing bids long signed and sealed might even be unpicked.

That said, Energy Group shareholders should not be downhearted. The original bid was not terribly generous. And since then, other electricity stocks have soared. Reading across the sector's valuation multiples. Energy Group is probably worth more on a stand-alone basis than the 690p PacifiCorp offered. Grumbling Energy Group shareholders have little to lose by telling the management they expect PacifiCorp to up its offer if the bid is cleared.

Lloyds TSB

Six months ago Sir Brian Pitman was grumbling that Lloyds TSB was on an inferior rating to retailers like Tesco. A rocketing share price has dealt with that problem; like Tesco. Lloyds now trades on a market rating of around 17 times 1997 earnings. What next? Sir Brian is enamoured of Coca-Cola, but even he cannot believe Lloyds deserves a price/earnings ratio of 40.

By some criteria, the share already looks giddy. A price/book ratio of around six times, for example, breaks new ground for UK bank stocks. Yet on a discounted cash flow basis, using fairly sober assumptions, it is possible to come up with a warranted share price of over 900p, against a current price of 736p. There are three main reasons.

FTSE Eurotop 300 index: 996.19 (-2.53) Energy Group

generation underpins strong dividend growth while also providing the firepower for acquisitions. Second, its competitive cost base is a sustainable source of advantage, given that continuous improvement is deeply embedded in its culture. Finally, the strong retail mix of its business offers protection from mar-

Given the share's robust performance, and Sir Brian's spirited mood, an acculation looks a distinct possibility. He entered the necessary caveats yesterday about buying only if it boosted shareholder value, but otherwise did nothing to quell speculation. The areas Lloyds most needs to bolster are mortgages and life assurance. With a market capitalisation of around £40bn (\$65bn), little is beyond its reach.

Investment trusts

We may still be in a UK equity bull market, but it is not helping the investment trust industry. The sector has under-performed the UK market by 15 per cent since 1996, discounts to net asset value are widening and managers are under siege. In the last month, one fund manager was kicked off a trust, Mercury Asset Management pulled a new issue due to lack of interest, and Robert Fleming agreed to wind up one of its largest funds. So in a boom year for UK equities, there will be a net decline in the investment trust sector - the value of new issues will be exceeded by the value of shares retired from the sec-

This is not all the industry's fault. Strong sterling is bad for a geographically diversified sector. First, the group's phenomenal cash. And it has a strong bias towards

large capitalised international stocks are making the running. But the industry must take some blame for its dramatic long-term decline against unit trusts.

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Things are finally getting better. Boards are being persuaded to put pressure on managers to perform And trusts have developed more efficient mechanisms for retiring shares that trade well below asset value, thereby reducing an oversupply of shares. Furthermore, the arrival of arbitrageurs on the lookout for discounts should mean the sector does not return to the dog days of the early 1980s. But to thrive again, the sector needs to become more innovative and make greater use of its key advantages'gearing and the ability to make

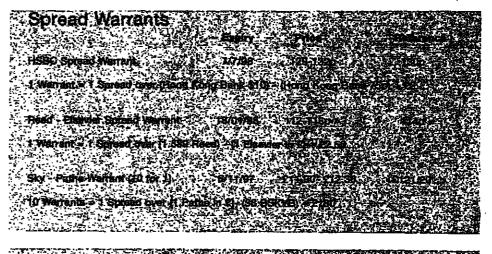
Unit trusts

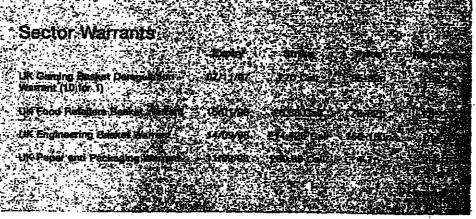
The huge growth of the US mutual fund industry is well documented. Some 37 per cent of house holds now own a mutual fund, total assets are around \$4,000bn, and the industry has grown at 19 per cent a year in the 1990s. This rapid growth has been an important factor behind the strength of Wall Street But what of the UK, where over the past year £12bn (\$19.6bn) has flowed into unit trusts, the UK equivalent of mutual funds?

There are similarities with the US. In both cases, equities are favoured because low interest rates provide an unattractive investment alternative. And retail investors are at least partly behind the relative outperformance of large capitalisation stocks, given their preference for tracker funds. But there are also differences, not least the fact that only 6 per cent of UK households are estimated to own a unit trust. Moreover, whereas flows in the US have been largely pension driven investments in the UK have tended to have their roots in the tax incentives provided by personal equity. plans. Although the liquidity impact in the UK has been less pronounced than in the US, it has not been negligible; unit trust buying has at least taken up the slack pro vided by pension funds, which have been net sellers of UK shares.

Inflows in the UK have clearly been influenced by cyclical factors and, more recently, windfall gains But structural forces will in future bolster the trend as the UK follows the global trend towards defined contribution retirement provision.

BZW - Warrants

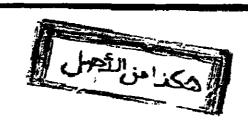






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